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NEWS SUMMARY

GENERAL BUSINESS

Forces to have 29.5% pay rise

Armed forces pay is to go up by 29.5 per cent. on average back dated to April 1 at an annual cost of nearly £135m.

The Government has issued a White Paper, accepting the recommendations of the Review Body on Armed Forces Pay. The Review Body says it took the social contract into account in arriving at the figures.

At the same time, servicemen will be charged substantially more for food and accommodation.

Tel Aviv arms factory blast

An explosion in an arms factory near Tel Aviv broke hundreds of windows and rocked a wide area. An Israeli Defence spokesman said the warehouse contained ammunition components and explosives and that the blast seemed to be an accident. He denied a claim by Palestinian commandos in Damascus that hundreds of scientists and soldiers had been killed or wounded.

Duke approves of student cutback

Prince Philip, who is Chancellor of the University of Stirling, said that the limitation on new intakes over the next two years might be "no bad thing in the long run". He had always been "doubtful about the wisdom of too rapid growth and unlimited size". Student numbers remain at 1,000.

Nastase sent off

He Nastase, the holder, was disqualified from the Coca-Cola British Hardcourt Tennis Championships at Bournemouth after disrupting a line judge's call. Britain's Roger Taylor walked out, also after a prolonged argument about a fine decision.

Malik hanged

Michael Abdul Malik, the former London-based Black Power leader known as Michael X, was hanged in Trinidad for the murder of a barber after two and a half years of appeals. Page 13

Jordan fined

Colin Jordan, former British Movement leader, was fined £30 at Leamington for stealing three pairs of red knickers and boxes of chocolates from Tesco Stores. He pleaded guilty, claiming it was "a malicious allegation by a Jewish-owned store".

Jets collide

A British Airways Jetstream jet "touched wings" with a stationary Aer Lingus Boeing 737 on the taxiway at Heathrow. The aircraft were carrying over 300 passengers between them.

Girl snatched

The five-year-old daughter of a £200,000 pooler was kidnapped near her home in Radcliffe, Lancs., but was found undisturbed in a car in which she had been bundled. A demand for £100,000 had been made for her safe return. A man arrested on the banks of the River Irwell was helping with police inquiries.

Blood business

Waste Health Organisation in Glasgow has been fined for selling profits of up to £1,000 from international trade in human blood.

Briefly

In two river bridge disasters, at least 15 were killed and 169 injured at Vranje, Yugoslavia, after a railway accident, and two building workers were killed by a collapse at Liebhafen, Austria.

Employment Secretary Mr. Michael Foot is writing the Daily Mail over articles which said his recent hospital operation.

April prices boost pushes inflation rate to over 30%

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The cost of living in the U.K. soared by a record 3.9 per cent. between March and April, bringing the rise in prices over the past 12 months to 21.7 per cent. The official price statistics point to a sharp acceleration in the pace of inflation during the recent months. They suggest that the annual rate of increase is now in the 30 to 35 per cent. range.

The latest price explosion has inflation. Mr. Walker said: "If this lunacy does not end, there will be massive unemployment and our country's economic prosperity will be in ruins."

Whitehall sources have this week repeatedly ruled out suggestions of any impending economic measures. Faced with the unprecedented jump in the cost of living—the rise in the past six months has been at the annual rate of 29.5 per cent. and in the last three months 34.4 per cent.—Whitehall adheres to the official line expressed in Mr. Healey's Budget speech.

Inflation hope

This is that the pace of inflation will come down to an annual rate of between 12 and 16 per cent. in the second half of this year—provided there is no acceleration in wage and salary increases.

It is acknowledged that the acceleration in inflation is mainly reflecting the increases of 30 per cent. in the price of food and 20 per cent. in the price of housing. But the only apparent sign of Ministerial action on the wages front—despite calls by some officials for a much tougher policy as a matter of urgency—is a tightening up of guidelines for the unions which the present wage round ends.

Ministers are privately placing their reliance on the belief that the "Phillips curve" effects of higher unemployment on wage settlements must occur at some stage.

Mr. Labour correspondent writes: The new jump in the index adds a fresh group of workers—4,300 Shell oil refinery process workers—to those already enjoying threshold payments as well as triggering further increases for many Commercial Union staff.

The Shell workers will get automatic 1 per cent. pay rises for every 1 per cent. rise in the index, but that has passed the 10 per cent. threshold set in their pay deal agreed in February.

For many of the 5,000 Commercial Union staff the index will mean additional 5 per cent. pay rises as part of an index-linked deal negotiated last autumn.

Tories will not be bound by EEC vote—Thatcher

BY RICHARD EVANS, LOBBY CORRESPONDENT

MRS. Margaret Thatcher, the Conservative Leader, last night refused to commit herself or her party to accepting the decision of the electorate in the forthcoming referendum on membership of the Common Market.

She insisted in her first major television interview since becoming Tory leader that the final decision would be up to Parliament and to individual MPs, many of whom had pledged support for the EEC in the last two election campaigns.

Her replies to questions from Robin Day on BBC TV could feature prominently in the final weeks of the campaign as anti-Marketees seek to commit all parties to accepting the result of the referendum.

Following criticism of her initial decision not to take part in next Thursday's important Commons debate on the economic situation Mrs. Thatcher admitted that she would probably lead the opposition attack on Government policies.

It would mean cancelling a number of important commitments but she thought yesterday's retail price index figures had changed the situation. A final decision will be made on Monday. If Mrs. Thatcher decides to lead the Opposition attack Mr. Wilson is almost certain to take part as well.

In the Labour Party there was growing concern among senior pro-Market Ministers yesterday at the tone of speakers' notes on the Common Market now being despatched from Transport House.

The notes are sent out twice a month to about 2,000 subscribers and the current ones are concerned with the referendum campaign. Following the recent National Executive and Party conference decisions backing British withdrawal they are violent anti-Market in tone.

A number of more militant pro-Market Ministers are threatening to refute claims made in the notes during the referendum campaign. If they do so the bitterness of the argument within the Labour Party over Common Market membership is certain to increase.

Building society receipts soar

BY MICHAEL CASSELL

BUILDING SOCIETY receipts in April were almost 50 per cent. higher than previous month's record total, despite the announcement of lower interest rates for investors and a surge in pre-Budget spending.

Societies are plainly astonished at their unprecedented run of success since the beginning of this year, with funds pouring in and lending reaching record levels. The final figures for April are much better than even the most optimistic forecasts a few days ago.

According to the Building Societies Association, the movement last month attracted £12m. from investors, against £68m. in the previous month. Withdrawals were also at a record of £50m. because of heavy consumer spending before the Budget. Even so, the net receipts figure of just under £40m. was nearly half as high again as the previous highest total of £27m. in March.

Societies advanced £31m. to home buyers in April, against £24m. in March and £18m. a year earlier. At the same time they approved mortgages worth a further £46m., a leap of £70m. from the month before and the largest monthly total achieved. At the end of April societies were committed to lending just over £1bn.

But despite the extremely encouraging picture the demand for mortgages is not yet being satisfied. Mr. Norman Grigg, secretary-general of the association, said that demand and supply should be brought into balance "fairly quickly."

Building societies are concerned about developments

P.O. men agree to machine sorting

BY ROY ROGERS

POSTAL WORKERS yesterday agreed to lift a four-year ban on mechanised sorting equipment after being warned that the alternative might be the introduction of the 10p first-class letter and the loss of many jobs.

By a majority of 6,893 to 4,407, delegates to a special Union of Post Office Workers conference in Blackpool overcame their fears of loss of job prospects associated with the automation and agreed to work the new postal coding machines and accept a 1.35 a week "productivity" increase.

Three times in recent years they have refused to work this equipment, so that millions of pounds worth of machinery has been lying idle.

Yesterday's decision came after a day-long debate in which Mr. Tom Jackson, IPW general secretary and a member of the TUC general council, made an impassioned plea for the embargo to be lifted.

He warned delegates that acceptance of mechanisation could be a prime factor in holding jobs and that if they rejected the P.O.'s final offer of an extra £1.35 a week for postmen and sorters when mechanisation comes in, it might "kick it into touch" for a few years.

Forecasting that the P.O. will be about £150m. in the red during the current financial year, Mr. Jackson warned: "We are approaching a 10p first-class letter and we all know what that could do to traffic and jobs."

The P.O. admits its earlier estimate of a £50m. loss is now far too low, although it will not comment on the £150m. figure.

Mr. Jackson claimed that without mechanisation, the future was bleak and a real decline in the level of services, jobs and earnings would be threatened.

The postal service was at the crossroads, he said, pleading for a last chance to gain the time and flexibility needed to defend the present level of service.

He feared that the parcel service could be abandoned, with the loss of 17,000 jobs and that the second daily letter delivery could go too, with the loss of a further 7,000 jobs, if there was no mechanisation.

Mr. Jackson promised, however, that if mechanisation is introduced, no postman would be sacked, even though, over a period of years, several thousand jobs were expected to disappear by wastage.

Today, the special conference of the UPW will be asked to continue pressing for the abolition of Saturday deliveries—and to accept the employment of women for postal delivery.

U.S. prestige enhanced says Kissinger

BY PAUL LEWIS, U.S. EDITOR WASHINGTON, May 16

DR. HENRY KISSINGER said today that the action to recover the Mayaguez had raised America's prestige in the world by showing that there were still limits beyond which she would not allow herself to be pushed.

His remarks at a Press conference here underline the Administration's belief that the retaking of the freighter is a personal triumph for the President, which has not only established him as a forceful and popular leader at home, but shown other countries that America remains an effective ally.

While the primary aim of the operation was to recover ship and crew, the Secretary of State said, it had also improved American credibility in foreign eyes and raised morale at home. By using force against the Cambodians the U.S. had demonstrated that it was prepared to defend its interests and that the President could get public and Congressional backing for his action.

But while President Ford is basking in his triumph, it appears that the cost of the operation in human terms may turn out rather higher than first imagined. This morning the Pentagon was still reporting 13 American servicemen "missing in action" and 22 wounded in the assault on Koh Tang island, although only one is officially dead.

Dr. Kissinger also included a strong defence of America's security commitments to South Korea in his Press conference today—and Administration officials have made clear that the Mayaguez incident is a signal to China and the North Koreans that American public opinion will support this most exposed of its Asian allies.

To-day, Dr. Kissinger also apologised to Thailand for the embarrassment caused her by the use of American bases in the Mayaguez recovery operation.

The Secretary of State spent much of his Press conference today in a similar summary of the crew and the ship herself to the mainland and holding the ransom, as the North Koreans did with the Pueblo in 1968.

Although none of the crew was on Koh Tang island when the marines invaded, the U.S. had no way of knowing this for certain in advance. But Dr. Kissinger said he was reasonably sure that some of the crew had

Chinese role

During the 60 hours of diplomatic effort that preceded the attack, Dr. Kissinger said, the U.S. received no reply of any kind from the Cambodians to its numerous messages, some of which were delivered to the Cambodian Embassy in Peking.

The Chinese Government even returned one Note intended for the Khmer Rouge leaders in Phnom Penh. First word of the Cambodian decision to capitulate reached the White House after the marines had gone ashore on Koh Tang, and took the form of a single page summary of a broadcast by Phnom Penh Radio, which offered to release the ship, though no mention was made of her crew.

The President decided to continue with the search of Koh Tang, although he ordered an immediate withdrawal some two-and-a-half hours later, when the crew of the Mayaguez turned up unharmed in a little fishing boat coming from the Cambodian mainland.

Mr. Kukrit Pramoj, Thai Premier, accused the U.S. yesterday of violating his country's sovereignty. He was recalling the Thai Ambassador in Washington and reviewing all treaties and agreements between the two countries, because of the U.S. defiance of his orders that U.S. aircraft in Thailand must not be used for the action against Cambodia. He demanded that the marines be withdrawn by Thursday.

The Mayaguez affair, Page 13

£ in New York May 16 Previous

	Spot	1 month	3 months	6 months	12 months
£/\$	82.205-82.210	82.205-82.210	82.205-82.210	82.205-82.210	82.205-82.210
\$/£	1.211.10-1.211.15	1.211.10-1.211.15	1.211.10-1.211.15	1.211.10-1.211.15	1.211.10-1.211.15

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Earnings in US dollars, Deutschmarks or other strong currencies are doubly attractive today. But it is now very difficult for UK investors to participate directly in such earnings. The Tyndall International Earnings Fund, launched in December 1974, gives investors the benefit of overseas earnings through shareholdings in British companies. Every company in the Fund's portfolio as shown below derives a high proportion of its income from overseas earnings either from exports or operations abroad.

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CHIEF PRICE CHANGES

(Prices in pence unless otherwise indicated)

RISERS	FALLS
Transport 4p 1972-77 5274+5	Hayward Slideley 288+6
Allied Leasing 50+5	Hestell 82+14
Alida Packaging 78+9	Leadenhall Sterling 47+16
Bank of Ireland 505+13	Marika & Spencer 231+5
BAI 124+7	Motors 187+9
Bovis 283+12	Mothers 173+7
Brit. & Commonwealth 192+10	P & O 118+7
Coalite & Chemical 214+4	Portals 140+6
Court Hotels 27+13	R.H.P. 583+43
Dowry 101+7	Stonehill Hlds 93+3
EMI 132+7	Shell Transport 285+21
Eucalyptus Pulp 43+5	Ultramar 186+6
Fox's Biscuits 43+9	Gopeng Cons 280+10
France Foods 28+4	
Gesitner 180+8	
Glaxo 307+2	
GKN 242+8	
Hambros Bank 167+25	

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For latest Share Index 'phone 01-246 8036

The week in London and New York

Sterling holding steady at 25% Still bullish

There has been a welter of economic indicators over the past five days, and the April trade figures apart from them have been gloomy. Against this background the Industrial (30-share) index has edged upwards over the week to end the account 11.1 points higher at 341.8, with practically all of that happening over the past two days. The latest trade returns plus the support of the Bank of England have given sterling an easier week and against Tuesday's 25.2 per cent. its trade weighted depreciation closed at 24.9 per cent. Gills have recovered well after Monday's sharp falls with short-term interest rates both here and in the U.S. turning longer.

Long haul for secondary banks

Tuesday's belated results from First National Finance Corporation followed closely upon the interim statement from Mercantile Credit last week, and with United Dominions Trust already having reported several months ago, the three main customers

Edward Bates and the Arabs

Another transformed secondary bank, Edward Bates, confirmed this week that Arab interests are acquiring an initial 25 per cent. of its equity, with options on another 15 per cent. The Arabs are not planning to

inject any new equity capital, so below the current market there are still constraints on a price: its ultimate holding, after group which has seen its net worth whittled down from over £200m. to about £10m. during 1974-75. The balance sheet total of the banking subsidiary has more than halved to £71m. over the year, and deposits are down from £181m. to £71m. Out of the figures from Shell. Net income was £32m. of loans at the year-end, of £220m. compared with £319m. property accounted for about £17m. in 1974, but that included an £18m. and ships for roughly estimated £125m. in exceptional £7m.: the bank has not lent on stock profits. Market forecasts about the security of these loans. However, this is plainly bias towards the lower end. In volume terms the slump support a substantial deposit in the international oil market taking business, and Bates sees has been severe, causing its future role as a specialist in corporate finance with Middle East expertise. The shares seem to be happy decline checked at about 10p with this idea, rising 13p to 25p over the week. But has undoubtedly been the it is worth noting that Atlantic natural gas side, where earnings Assets has decided to divest may have been up by as much as a major sale. It may have a £20m. bringing the figure to been morally obliged to pass on £50m. Growth in Brunel plus at cost the Bates shares which a 50-50 stake with Exxon in it acquired from Max Rayne's two gas deposits, one in Holland London Merchant Securities, and the other in North Ger. But it has also sold or given many, has enabled Shell to off- options on a substantial part of set the declining trend in its own holding at roughly £1m. America.

TOP PERFORMING SECTORS IN FOUR WEEKS FROM APRIL 17

	% Rise
Oil	+16.5
Property	+12.8
Investment Trusts	+10.9
Insurance (Brokers)	+10.9
Packaging & Paper	+9.2
Machine & Other Tools	+9.0
All-Share Index	+3.2

MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1975	1975	
	Y-day	Week	High	Low	
F.T. Ind. Ord. Index	341.8	+ 8.2	355.5	146.0	Helped by April trade figures
F.T. Gold Mines Index	389.8	+12.6	423.6	280.2	Continued currency uncertainties
Romania 4 1/2% Gold 1913	£14	+ 8	£14	£5	U.K./Romanian financial talks
Allied Irish Banks	130	+17	130	45	Profits rise/Conv. 2 Rights offer
Bates (Edward)	64	+13	73	19	Arab consortium buy large stake
Boots	243	+15	272	91	Results/serp issue
British Syphon	17	- 7	25	17	Fall in profits
Cussons	68	+ 8	71	17	Peterson Zochonis improved bid
Leadhall Sterling	47	+16	47	24	Bid from British & Commonwealth
Messina	345	-30	390	194	Sharply reduced interim dividend
Metal Box	288	+16	294	117	Overseas earnings
Midland-Yorkshire	418	+33	418	170	Bid situation
Morgan Crucible	96	+ 8	99	41	First-quarter report due June 2
NSS Newsagents	100	+25	100	24	"Rights" issue terms/Divid. Pcast
Royal Insurance	372	+17	374	125	Rise in first-quarter profits
Sherratt Kayser	431	+ 4	46	23	Yield considerations
Shell Transport	325	+22	325	118	Good first-quarter results
Standard & Chartered Bkg.	485	+25	500	210	Midland Bk./Chase Manhattan deal
Unilever	384	+22	402	170	Overseas earnings
Weyburn Engineering	200	+30	200	62	Demand in thin market

MINES IN THE NEWS

No golden touch

BY LESLIE PARKER, MINING EDITOR

THE GOLD PRICE continues to move uneasily in the \$160-\$170 an ounce range. The producers' shares have behaved reasonably well in a week of continued currency uncertainties and erratic movements in the investment dollar premium.

In his usual wide-ranging survey, Mr. Harry Oppenheimer, chairman of Anglo American Corporation, has sounded a cautious note about the 1975 earnings prospects of the South African gold mines.

He deems it unlikely that profits on the 1974 scale will be seen with the bullish price showing no further upward trend and working costs still increasing rapidly. The industry's costs rose by 25.4 per cent. last year and a rise of a similar order, he says, must be expected in 1975 in view of further wage increases. The wage bill represents about 50 per cent. of gold-mining costs.

Anglo American nevertheless has ample faith in the South African gold-mining industry's future. If all its proposed capital projects are put in train total expenditure of around £750m. (£479m.) will be involved with most of it financed from profits. Mr. Oppenheimer gives no views about Anglo's 1975 earnings prospects. Market opinion is fairly optimistic and a further increase in the dividend is hoped for. That for 1974 was 29 cents (18.5p).

Uranium

Increasing emphasis is being put on uranium in the South African mining industry although the latest news from Randfontein may be viewed by shareholders with mixed feelings. This veteran company, which is now back to major profit-earning through its new Conke gold mine, is contemplating a big expansion programme at this property designed to make it a substantial uranium producer to meet the strengthening demand at higher prices expected in the latter part of the 1970s and early 1980s.

Copper gloom

There has been further evidence this week of the way in which the low price of the metal is hitting the earnings of the world's major copper producers. South Africa's Messina and the Rhodesian offshoot MTD (Mangula) have both announced sharp falls in profits for their half-years to March and a consequent slashing of their interim dividends. Messina's from 28 to 15 cents and

TIN OUTPUTS COMPARED

	April 1975	Mar. 1975	Total 1975 (months)	Same period previous year
Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Anal of Nigeria (tin)	181	184	181 (1)	201
Anal of Nigeria (columbite)	10	10	10 (1)	224
Aokam	165	204	165 (1)	1,156
Ayer Hitam	212	315	212 (1)	2,242
Berjuntan	351	341	351 (1)	1,212
Bislet Jantar (tin)	62	166	62 (1)	211
Bislet Jantar (columbite)	41	109	41 (1)	1,444
Ex-Lands Nigeria	48	52	48 (1)	207
Georgetown	78	63	78 (1)	68
Gold and Base (tin)	35	35	35 (1)	118
Gold and Base (columbite)	1	1	1 (1)	2
Gopeng	200	207	200 (1)	1,478
Hongkong	32	39	32 (1)	159
Kaduna Syndicate	34	34	34 (1)	178
Kampung Lanjut	18	24	18 (1)	45
Kamunting	77	84	77 (1)	165
Kent (tin)	54	154	54 (1)	57
Killinghill	444	611	444 (1)	5,571
Kinta Kellas	9	29	9 (1)	527
Kuala Kampar	58	57	58 (1)	80
Lower Perak	30	27	30 (1)	358
Malayan	273	286	273 (1)	3,016
Pahang	163	182	163 (1)	1,902
Pangkalen	181	182	181 (1)	182
Petaling	82	98	82 (1)	4,011
Rahman	71	78	71 (1)	684
St. Piran—UK East	18	20	18 (1)	100
St. Piran—U.K. (South Croft)	102	119	102 (1)	100
Southern Kinta	295	156	295 (1)	2,107
Southern Malayan	191	204	191 (1)	2,177
Sungai Besi	138	194	138 (1)	140
Sungai Way	41	41	41 (1)	862
Tanjong	381	261	381 (1)	1,123
Tongkah Harbour	38	39	38 (1)	740
Tromoh	202	227	202 (1)	1,158
Utd. Tin of Nigeria (tin)	9	9	9 (1)	85
Utd. Tin of Nigeria (columbite)	1	1	1 (1)	85
Wheal Janet	115	115	115 (1)	848

Therein is that both Boards seem to have become more aware of the U.K. interest in the fortunes of these two South African mining finance houses.

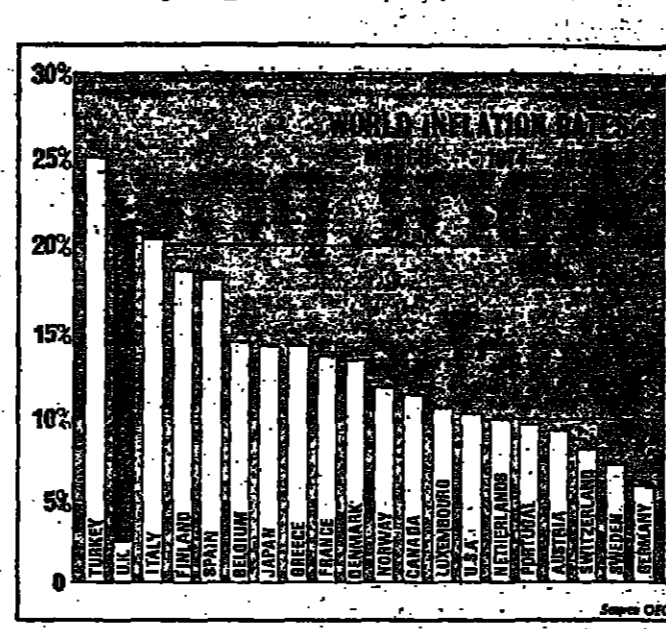
The Afrikaans General Mining has never gained much of a following over here despite the growth in its prosperity in recent years. This is probably because the shares tend to be tightly held and therefore are a restricted market. Nevertheless, three directors, including the managing director Dr. Wim de Villiers, have thought it worth while to give two London Press conferences in recent days.

Union Corporation is going further than this. Its chairman Mr. Ted Pavitt is to answer shareholders' questions at an informal general meeting in London next Wednesday following the showing of a film about the corporation's activities. It should be an interesting and, it is to be hoped, a well attended occasion. Perhaps other South African houses might think it worth while to follow suit. About 44 per cent. of Anglo American, for instance, is held in the U.K. and other European countries.

tin outputs compared

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Tromoh	202	227	202 (1)	1,158
Utd. Tin of Nigeria (tin)	9	9	9 (1)	85
Utd. Tin of Nigeria (columbite)	1	1	1 (1)	85
Wheal Janet	115	115	115 (1)	848

figures include low-grade material. Not yet available. Five weeks. Outputs are shown in metric tonnes of the concentrates.



It is significant that Shell's partner in these two ventures has been the only one of the top five oil majors in America that has turned in reasonable results for the first quarter. Incidentally another close connection between the two companies is that both have substantial commitments in Venezuela. Exxon's operations here saw a marked recovery, thanks to improved tax concessions from the Government pending the eventual nationalisation plans.

Government moves in on Ferranti

The "State grab" recrimination surrounding the Government's nationalisation plans may be understandable, but the fact is that the Government has by and large played fair with the shareholders over the past year. Last July the State was not parsimonious in buying Court Shipbuilders for roughly the equivalent of net worth while this week's move by the Government to acquire 50 per cent. of Ferranti underlines further this approach. British Leyland shareholders will not be over-impressed by suggestions that 10p is generous compensation for their shares, though the balance-sheet calculations tell a different story.

Jardine opens its books

Up 25p to 447p this week, the Jardine Matheson share price was not disappointed by the group's 1974 accounts. These not only hammer home Jardine's basic balance sheet strengths but also disclose a myriad of hitherto unpublished financial statistics. Last year group net cash flow was HK\$243m. while the capital spend amounted to HK\$227m. and net working capital rose by HK\$312m. Still, net debt is just over a fifth of shareholders funds; while group earnings from Asia and Hong Kong fell to a third of the total last year. Hong Kong accounts for a third of total net worth and Europe for about 30 per cent.

Onlooker

TV Radio

BBC 1

Indicates programme in black and white.

9.00 a.m. Barnaby, 9.15 Lassie's Rescue Rangers, 9.25 Why Don't You? 10.00 Once Over Lightly, 10.15 Bugs Bunny, 10.25 Kookaburra, 10.30 The Virginian, 10.35 Camp Runamuck, 12.25 p.m. Weekend Weather.	12.30 Grandstand: 12.35 International Football: Focus; 1.00 Boxing: 1.10, 2.05, 2.35, 3.15, 4.00 Tennis: from Bourne, 4.05 Tennis: from Bourne, 4.10 Tennis: from Bourne, 4.15 Tennis: from Bourne, 4.20 Tennis: from Bourne, 4.25 Tennis: from Bourne, 4.30 Tennis: from Bourne, 4.35 Tennis: from Bourne, 4.40 Tennis: from Bourne, 4.45 Tennis: from Bourne, 4.50 Tennis: from Bourne, 4.55 Tennis: from Bourne, 5.00 Tennis: from Bourne, 5.05 Tennis: from Bourne, 5.10 Tennis: from Bourne, 5.15 Tennis: from Bourne, 5.20 Tennis: from Bourne, 5.25 Tennis: from Bourne, 5.30 Tennis: from Bourne, 5.35 Tennis: from Bourne, 5.40 Tennis: from Bourne, 5.45 Tennis: from Bourne, 5.50 Tennis: from Bourne, 5.55 Tennis: from Bourne, 6.00 Tennis: from Bourne, 6.05 Tennis: from Bourne, 6.10 Tennis: from Bourne, 6.15 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Renewed interest in property bonds

This advertisement is published by Barclays Bank Trust Company Limited, Exempted Dealer, on behalf of Barclays Unicorn Limited.

Finance and the family

Shares owned by foreigners

BY OUR LEGAL STAFF

I am holding "De Beers" shares bought when I was a non-resident (Dutch national and never having lived in U.K.) and paid the purchase price minus 25 per cent. In September, 1972, at the end of May I will be transferred to the U.K. for two years. What will happen when I want to sell those shares in London as regards dollar premium and the 25 per cent. surrender rule after I have become a U.K. resident?

Securities owned by foreign nationals who are redesignated as U.K. residents should be lodged with an Authorised Depositary and would normally be subject to a two-year restriction before becoming premium-worthy.

Surface of a right of way

With reference to your reply on March 8 regarding rights of way in Scotland, could you say how long uninterrupted use confers such a right in England? New owners of a neighbouring farm are talking of breaking up the concrete on a road they own, but which appears to be a right of way to a small farm. Can they do this?

A private right of way (easement) is acquired by 20 years or more of prescription that is open use as of right without permission being sought or given. A public right of way is acquired by dedication to the public, but this may be inferred from long unimpeded use by the public. Again 20 years' use will raise a presumption that there has been such dedication; but a notice claiming ownership or occasional closing of the way by the owner may displace that presumption. If a right of way has been acquired, the land owner cannot break up the surface of the way, so as to make it less commodious.

Gifts to son in Canada

As our son lives in Canada, we cannot send him more than £300 a year. Can you suggest how we can give him up to £1,000, even if the money has to stay here?

You can appoint a trustee or trustees in this country and donate the annual sum which you wish to give to such trustee(s) to be held on trust for your son. While you could yourself be such a trustee, it is very much to be preferred to have some other person in that capacity.

Premium-worthy shares

We have lived abroad for seven years. If we return to the U.K. is it correct that our capital invested in foreign shares will have to be lodged with an authorised depositary and cannot be sold for two years, when they will attract the premium?

From the description of your circumstances in your letter it appears that your holdings of foreign shares, if bought out of overseas earnings, would become premium-worthy two years after your becoming resident in this country. They should certainly be lodged with an authorised depositary.

Private company's shares

My brother and I each own half the issued share capital of a private company, £2,000 each in ordinary shares. The company also has loans from relatives on which it pays interest, but as the total interest paid, £390, exceeds 12 per cent.

I bought an expensive radio recorder set some months ago, which has never been satisfactory. Reception has been poor and though an outside aerial was fitted, it has hardly improved matters. Eventually I informed the seller that I proposed to return the set as being not of merchantable quality or suitable for my purpose, relying mainly on the Sale of Goods Act 1893. The seller's solicitors wrote to the effect that according to this Act it

of the issued capital, the company does not get relief on all of the interest paid. What would be the tax effects of capitalising undistributed profits by the issue of bonus shares of £3,000 each to the two of us, so that presumably all of the loan interest would become allowable?

If the share capital is increased to £10,000 by the issue of the bonus shares the company will be entitled to tax relief on the lesser of (a) the amount of the loans by participants or (b) that issued share capital plus the amount of any share premium or similar account. (For the purpose of (b) the share capital is looked at as at the beginning of the accounting period.)

Refusal to deliver

The previous time my lawn mower was serviced it did not work satisfactorily. On the last occasion, after some months and various disputes, when a man came with it, he parked his van some distance away and refused to bring it to the door until I had paid for it. Now the manager talks of selling it. What do you advise?

You may need to consult a solicitor about this. Your remedy is to make a formal written demand for the machine, offering to pay on delivery thereof to your premises. You can then, if necessary, sue the company in

detinue for the return of the machine, or its value, and alternatively claim damages for its conversion. We do not think the company was justified in refusing to complete delivery until paid, once it had agreed to deliver to your house. The proper course would have been to deliver to your door but to refuse to hand over the machine until payment was made.

A book on divorce

Can you recommend a book on divorce which is up to date and dealing with the apportionment of the assets and provision for maintenance of a divorced wife and children?

Bromley on Family Law (4th Edition) would most likely suit your requirement, but Miller on Family Property and Financial Provision is a more recent book which covers later statutory and case law.

Restrictive covenant

In your issue of December 7, 1974 under the heading "Restrictive covenants, you indicated that a freeholder could not impose a covenant prohibiting development, in a case where a leaseholder was buying the freehold under the Leasehold Reform Act. Does this apply where the existing ground lease includes the restriction that the premises

merely subsection 14 (2). If you find it necessary to take your claim to court you must have in mind that the damages in an action for breach of warranty are the difference in value between the goods as warranted and as they are. Thus to establish a claim for the price of the radio you need to show that the set has no value, probably is of unmerchantable quality, but that the burden of your complaint is breach of (the new) subsection 14 (1) of the Sale of Goods Act—not its value is.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

should be a single dwelling house?

The landlord may require the imposition of a covenant restricting the land to one house only if that is a re-imposition of a covenant in the lease and if it benefits other property so as materially to enhance the value of that other property—Section 10(4) of the Leasehold Reform Act 1967. Thus the landlord cannot require such a covenant if he does not retain other property in the vicinity and has not imposed similar covenants on sales of other freeholds. In any event he cannot impose such a covenant if it is unreasonable, or does not materially enhance the value of the benefited property—that is he cannot do so merely to obtain a premium for releasing the covenant later.

Hedge as a boundary

The rear boundary of my property terminates in a hedge just beyond which is a steep slope from which clay has been excavated. The centre of the hedge is said by my neighbour to be the boundary, though a surveyor tells me that the whole hedge is mine. Assuming the centre of the hedge is the boundary, can the other party remove his part of the hedge, or lower the height of the hedge, or shift the soil on which the hedge stood?

In the circumstances which you describe it seems more likely that all or at least the rooted part of the hedge is within your boundary—but that is a question of fact to be determined on the ground. Wherever the boundary lies, the adjoining owner could remove the hedge up to the boundary so long as he does no permanent damage to the hedge by doing so. The boundary would, however, remain unaffected (at the centre line of the old hedge if that is the true boundary). He could not reduce the height of the hedge across the boundary, but could (with the same proviso) up to the boundary. He could remove soil on his side of the boundary but not so as to deprive the land on your side of the boundary of its natural support.

Insurance

Open ended policies

BY JOHN PHILIP

"WHAT," asked one enquirer this week, "are these 'open ended' life policies that I keep hearing about?" This is a question which I find I have not attempted to answer for 2½ years—during which time the life assurance and investment picture has changed tremendously.

But to explain the present position, a little history is not out of the way: the open ended with profits contract made its appearance in the 1971-72 period before the first stage of Mr. Heath's counter-inflation programme had been thought of, when the traditional life companies were still trying to find ways to prevent further encroachment by the unit-linked operators. One of the competitive edges that most of the latter had was the offer of early cash (surrender in traditional terminology) virtually without penalty.

Surrender values

Without in any way altering their views on surrender values, a handful of life companies thought to sell either endowments maturing at age 65 or whole of life policies with premium payments stopping at age 65, in either case with profits, giving the policyholder the right to surrender at any time after 10 years for a "guaranteed" sum assured plus bonuses.

The 10-year period was chosen partly with an eye on the qualifying policy tax rules, partly with an eye on the earliest reasonably practicable date at which a traditional life office could forego any surrender penalty.

I think it goes almost without saying that however a life policy is written it must have a theoretical terminal date—otherwise it is impossible for the insurer to estimate with any accuracy how much premium he wants for mortality, for investment, for expenses, and so on. But having fixed on this theoretical terminal date, it is always possible to allocate other terminal dates, closer in time, and to fix on the sums payable at those dates—and this in fact is what the open ended policy does.

Leaving aside the chance of a death claim which is a possibility at any time, the endowment variety, for example, provides a maturity date on which insurers must pay, but allows

the policyholder to choose his own maturity date at any time after 10 years.

Under the normal form of endowment or whole of life, when the policyholder surrenders he forfeits some part of the reversionary bonuses that have been attached—this on the basis that they can only attain their full value when the policy matures. However, most open ended contracts, insurers pay in full any bonuses that have been attached, without exacting any discount for early encashment.

Sales appeal

In 1972 there were five companies offering open ended contracts. Now the number has grown to 13, so the prospective buyer has a fair choice—but of course only a fraction of the policy choice he has when buying a traditional fixed term endowment or whole of life policy.

The open ended contract clearly has sales appeal for the buyer who wants to save for a minimum of 10 years but is uncertain quite when he will want his money thereafter—if at all. Currently I understand some life brokers are recommending this kind of policy to parents contemplating the provision of school fees ten years hence—very much on the basis that the policy will serve its purpose if, then it is still possible to pay for education, and if not can be left to run its full term if the parent wishes.

This kind of policy must also appeal to anyone making his or her own provision for retirement, who is uncertain when that event will occur, except that it is at least ten years ahead: when retirement does come, the policy money can be claimed and say, an annuity bought at the then current market rates.

However, the open ended contract is not for the policyholder who knows precisely when he wants his money. Compare the terms of any one of the 13 companies for fixed term and open ended endowment and seven are currently adding: "Leaving the question of tax relief aside, the policyholder who buys a 15-year endowment will get more at Union, F.S. Assurance, Marine maturity than will the policyholder with a 25-year open ended contract who cashes in other insurers offering open at the end of 15 years." But the ended with profit contracts

latter will of course get more than the holder of a 25-year fixed term endowment who surrenders after 15 years.

These open ended contracts are normally available for the adult who is not yet 55, but exceptionally one company, Legal and General, will take entrants up to age 60 next birthday and three, Crusader, Hill Samuel and Friends Provident, will provide cover on children, subject to certain restrictions on the amount of payment during infancy.

Increasingly the practice of insurers is to include one or two special options—to replace cover and to increase cover. Four companies, Cornhill Life Association of Scotland, Sun Life and U.K. Provident, offer both. The replacement option allows the policyholder, who takes his money, say, after ten years, to obtain a further policy for the same amount of premium without having to provide further evidence of health: normally this option can be exercised at any time before the policyholder reaches the insurers' upper age limit for entry.

The increasing option can also be exercised without evidence of health—the times and amount of increase differ from company to company, but the Life Association of Scotland's scheme is specially designed to allow the parent, on the birth of a child, to obtain a further policy without providing any evidence of health. But there are restrictions. He must exercise his option within a few months of the child's birth, and through the option he can only double his original cover.

Minimum premium

Most insurers require payment of a minimum monthly premium in the £2 to £6 range but in these times most prospective policyholders must be ready to spend much more. As twelve out of the thirteen companies based their reversionary bonuses on a compound basis term and open ended endowment and seven are currently adding: "Leaving the question of tax relief aside, the policyholder who buys a 15-year endowment will get more at Union, F.S. Assurance, Marine maturity than will the policyholder with a 25-year open ended contract who cashes in other insurers offering open at the end of 15 years." But the ended with profit contracts

TAXATION AND THE INVESTOR

The impact of a wealth tax

BY JOHN CHOWN, TAXATION CORRESPONDENT

THE SELECT Committee of the House of Commons on Wealth Tax is now taking evidence. Government spokesmen have, on several occasions, re-affirmed that there will be a wealth tax and that the Committee is simply discussing the form it should take. Legislation is expected next April with first assessments being made on December 31, 1976, or March 31, 1977.

Over the years I have written in general terms about the possible taxation of wealth, but I have not been following the Select Committee very closely. There have been too many other more urgent pre-occupations of which capital transfer tax was the most serious.

We have had the Oil Taxation Act (Royal Assent May 8, but still not published) and two

enterprise and capital were supported ably and destructively by high. During a discussion over dinner a few nights ago an American on his first visit to England said dismissively: "But how many people are really in this ridiculous 83 per cent. tax bracket?" When I told him that this rate applied to salaries over about \$45,000 (probably far less than he was earning) he nearly fell off his seat, and I decided in the interest of his digestion not to tell him about the investment income surcharge.

An additive wealth tax piled on top of the other taxes without any mitigation would clearly and unarguably be disastrous. I will not refer to it as "the last straw," as this was piled on some months ago and the back is already broken.

It is probably already too late to check the quiet but inexorable drift of talent out of the country. The quality of the people—mainly younger people with their way to make rather than the established wealthy—who discuss with me not whether but where and how to go, might horrify Mr. Healey.

It is probably too late to prevent an irreversible breakdown of taxpayer compliance. Taxes at present rates are no longer thought to have any real legitimacy even by those who have not fully understood the scandals of a minority Government which has, partly deliberately by the guillotine and partly by the inability of the State sector's own HMSO, stifled public discussion of important fiscal measures.

The worst need not happen. One advantage of the Select Committee procedure is that it gives an opportunity for a full and public airing of the issues (denied on CTT) and one of the most important issues is the relationship of any wealth tax with other taxes. Evidence before the Committee will bring out the full horrors of the present situation and I suspect that some of its more sensible Labour members are at last having their eyes opened to the real world.

The Committee seems likely to suggest a substitutive wealth tax—an annual tax on wealth itself, coupled with a corresponding reduction in the tax on income from wealth. Such an arrangement makes quite a lot

of sense from an economic and possibly a political point of view. Wealth tax like this, as a proportion of gross national product for fourteen countries in 1969. On their own figures, the U.K. comes top (0.92 per cent.), collecting 2½ times the average of all the other countries. (The next two were New Zealand and Australia).

In answer to a Parliamentary question last April, it was admitted that the combined yield of capital taxes per head of population in 1971 was U.K. £10, Sweden £8, Germany £6, France £2 and Italy £2. As Sweden, Germany and France all have higher real incomes per head than ourselves, the comparison is even less favourable for the U.K.

Sweden is notoriously a high tax country and is the runner up in the figures given. Sweden imposes a wealth tax with rates which rise to 2½ per cent. on net wealth. However, there is a proviso that the total of national and local income taxes, together with wealth tax, shall not exceed 80 per cent. of the total taxable income up to Kr.200,000 (about £22,000) plus 85 per cent. on the income in excess of that figure which is a little short of the starting point for the 98 per cent. rate on investment income in the U.K.

For the highest slice of income therefore, the Swede after paying his wealth tax, is left with just 7½ times as much of his income, net of tax, as the Briton, still paying tax on income alone.

Most countries have such a ceiling provision. Germany does not, but as the rate of wealth tax is only 0.7 per cent. flat and the top rate of income tax is about 57 per cent., such a ceiling is hardly necessary. Ireland is in the course of introducing a capital acquisitions tax and an annual wealth tax. This has features which may be of interest to us and I will be explaining them in a future article.

Any comparison with other countries reveals just how far out of line is our tax system. This would be a serious matter even in a seige economy permitting no contact with the outside world. It is disastrous when our more able citizens can choose freely where they build their careers. This point is, I think, getting through to the responsible Left.

Economic Diary

ECONOMIC affairs will be debated in the House of Commons on Thursday.

Other events and statistics next week include:

MONDAY—TUC steel committee meets British Steel Corporation over redundancy plans, Grosvenor Place, London. U.K. banks' assets, liabilities and the money stock (mid-April). Basic rates of wages and normal weekly hours (mid-April), monthly index of average earnings (March). Retail trade (April-prov.). Turnover of the motor trades (first quarter). Turnover of the catering trades (first quarter).

TUESDAY—Mr. James Callaghan,

Foreign Secretary, presides at the Ministerial meeting of the Western European Union, Lancaster House, London.

Building society house prices and mortgage advances (first quarter).

WEDNESDAY—British Leyland Bill second reading in the Commons. TUC general council meeting. CBI annual meeting.

THURSDAY—Provisional unemployment figures (May). House of Lords rise for the spring holidays. New vehicle registrations (April). Car and commercial vehicle production (April-final). Consumers' expenditure (first quarter).

FRIDAY—Commons rise for the

spring holiday. Trade and industry publication contains sales and orders in the engineering industry.

CHESS SOLUTIONS

Solution to Position No. 62. KRQ; 2 R-R4 ch, KN3; 3 R-R6 ch, K-N4; 4 P-R4 ch, K-N5; 5 N-K3 ch, K-N6; 6 R-B3 mate.

Solution to Problem No. 62. 1 Q-Q4 ch and mate next move. One of the rare problem settings where a checking key is artistically justified.

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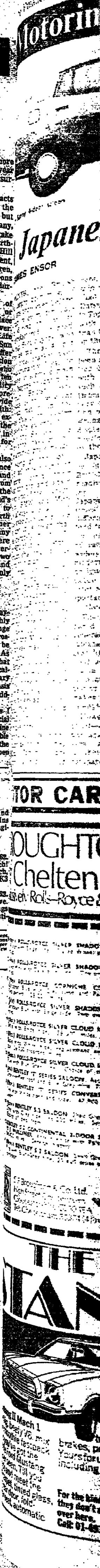
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Motoring



Datsun Sunny 4-door saloon

A Japanese invasion

BY JAMES ENSOR

LAST MONTH, the British bought a larger proportion of imported cars than ever before. Almost four in every ten cars registered during the month were manufactured abroad. Since the big fleet buyers, who account for as much as 40 per cent of the total market have stayed predominantly loyal to British makes, it seems certain that private buyers bought more foreign than British cars.

Britain, to-day, is the only car manufacturing nation in the world where this is the case—with the possible exception of Sweden—but the Swedes only manufacture three basic models of car in a limited price range.

When looking at the sales figures in detail, it is clear that imports have scored their successes at the top and again at the bottom end of the market. Audi, Volvo, BMW and Mercedes have always sold well to the wealthy executive car buyer in Britain; and it is clear that they are now being challenged by the new Rover SD1 if it is to stave off the foreign challenge to its leadership in this market.

But the real volume of imported sales is made up in the cheap cars. The Renault 5 and 12, the Volkswagen Golf, the Fiat 127 and 128 and above all the Datsuns are the cars which have made the running.

In some cases, such as the Renault 5 and the Volkswagen Golf, this success may be explained in terms of lack of effective British competition. The British have been slow, for example, to adopt the rear door pioneered by Renault and now taken up by Volkswagen: the new Vauxhall Chevette with a similar specification may bite into import sales here.

But the biggest success in the import market has been scored by the Japanese. Japanese cars are their very high reliability alone account for almost 10 per

cent of sales and Datsun has sold only about 1,000 cars fewer than Vauxhall this year. The Datsun Sunny has entered the "Top Ten" popularity chart, with sales only a little lower than the ageing Chrysler Hunter or the new Leyland 18/22.

The Japanese success has not been achieved through any startling design innovations. Indeed, with a few notable exceptions such as the Toyota Celica and Datsun 280Z, their cars look very ordinary. With the exception of the Honda Civic—not a strong seller in Britain—they display few advances in engineering which are not matched by the average British car.

Japanese cars, indeed, tend to be inferior to most of their British rivals in matters like roadholding, handling and braking. Their general use of Japanese-built cross-ply—sometimes radial—tyres with their differing rubber compounds tend to give them inferior handling on wet roads. The neglect of rack and pinion steering—widely used on the more modern British and Continental designs—contributes to a rather vague steering. And their interiors are almost uniformly spartan, with a widespread use of cheap plastic mouldings.

Their positive points, as compared to British cars, are their general use of modern overhead camshaft engines and smooth gearchanges which contribute to good acceleration, ease of driving in traffic and adequate fuel economy. Perhaps only Ford, among the cheaper British makes, can match the Japanese in engines and gearboxes.

However, their biggest sales point—and this emerges time and again from consumer interviews and driver complaints—by the Japanese. Japanese cars are their very high reliability alone account for almost 10 per

cent of sales and Datsun has sold only about 1,000 cars fewer than Vauxhall this year. The Datsun Sunny has entered the "Top Ten" popularity chart, with sales only a little lower than the ageing Chrysler Hunter or the new Leyland 18/22.

After some hiccoughs in the early days, the spares provisioning seems to have settled down quite well with the aid of big computers in Japan and smaller ones in Britain. The owner of a Japanese car in Britain is no more likely to be kept off the road for lack of spare parts than the owner of a British car—and that is quite an achievement.

At the same time, I cannot personally entirely understand the size of the Japanese success. The only Japanese car that excites my admiration from a technical design standpoint is the Honda Civic: the only one which I find really exciting to drive is the Datsun 280Z—and that is an expensive car of obviously limited appeal. The only others that I have really enjoyed testing are the little Datsun Cherry and the Toyota Celica. For the rest—they are adequately designed and engineered to serve their purpose, but they will create no legends and win no plaudits.

Perhaps, though, the true explanation for the Japanese success lies in the fact that there is very little to criticise about any of their cars. They may not excite the passions of a car enthusiast but they cause little offence, they do not break down often and they are delivered with few faults. Apart from the small Hondas—now replaced by the Civic—and the Toyota Crown—which is not my style of car—I have never driven a Japanese model which I have actively disliked. And perhaps that, after all, is what most of the public is really looking for.

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Golf

Developing the boys

BY BEN WRIGHT

THE ONLY possible complaint that could be made about the Academy at lunch-time. At this stage, the best scores the Brockenhurst boys had recorded were somewhat nerve-racked 78s by Weeks and Brian Mudge. Eventually, it was the diminutive Lindsay's solid afternoon round of 75—he was literally dwarfed by the massively powerful Weeks—that carried the day for the Scots.

It is with a mixture of sound reasoning and pure selfishness that I feel this excellent event should be extended to two days. Not even the best professional golfers in the world nowadays are asked to play 36 holes in a day, except in matchplay events, which in any case seldom last the full distance. If the weather had been rough, Ballybunion could well have broken the hearts of some of the smaller, frailer competitors. As it was, in the easiest possible conditions, only five of the 16 competitors broke 80 to the afternoon, seven in the morning.

Aer Lingus is hopeful of extending the tournament to Europe and North America, and eventually establishing a world championship. This commendable ambition would demand considerable feats of organisation but it would be really worth while in putting the lie to the ridiculous theory that golf is a selfish game.

While my great affection and deep admiration for Ballybunion was further enhanced I was desperately disappointed in Killarney and to a certain extent in the new, much vaunted monster at Waterville.

This is particularly sad because the settings of both courses in terms of wonderful scenery are well-nigh incomparable, and the clubhouse at Waterville is superb. But at Killarney, I much preferred the original course which has been split, and 18 new holes added to make two disappointingly mediocre layouts liberally sprinkled with irritatingly invisible water hazards.

What is far more important is the uncertain future of this, by my reckoning, high on the list of the 20 best golf courses in the world. The greed of local farmers and contractors, who have denuded the beach of most of its biggest stones, has left Ballybunion at the mercy of the Atlantic, whose voracious appetite has recently made a sorry mess of the 17th fairway.

The Irish Tourist Board owes it to the whole world of golf to let alone their own interests, to safeguard one of the true shrines and treasures of the game. It would be a terrible tragedy if the 417 yards 7th and the 443 yards 11th holes, which are present testaments to the very edge of the sand cliffs—two of the finest par 4 holes I have ever played—not to speak of the glorious par 5 16th, should be allowed to be eroded away any further.

The Aer Lingus tournament goes from strength to strength. One hundred and twelve schools from the four countries competed in 1972, the inaugural year, 270 in 1973, 420 in 1974. This year a staggering 2,280 boys competed, representing 570 schools. The sky is literally the limit as the event grows in stature, and the competitors in ability.

More than ever last week-end, there was evidence that improved methods of tuition and coaching are reaping the hoped-for awards. Only one Welsh boy present had so far failed to earn a single-figure handicap, yet neither of his scores was high enough to be discarded in this, a competition in which only the three best by each four-man team, counts in each round.

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Motoring

Bridge

The heads may roll

BY E. P. C. COTTER

THE CLUB golfer, to use Henry would not have been able to come to hand without promoting West's Knave to winning rank. South can get home after three rounds of clubs at once, before he leads the heart three from the table. A pre-emptive bid was again in evidence here:

Let us first study this:

N	E	S	W
♠ 55	♠ 7	♠ 4	♠ 10 5 4 3
♥ 3	♥ 10 7 3	♥ 8 2	♥ 9 7 5
♦ A J 10 7 3	♦ K Q 8 2	♦ 6	♦ 9 7 5
♣ K Q 8 2	♣ 6	♣ 9 7 3	♣ 10 9 8 4 3
♠ 55	♠ 7	♠ 4	♠ 10 5 4 3
♥ 3	♥ 10 7 3	♥ 8 2	♥ 9 7 5
♦ A J 10 7 3	♦ K Q 8 2	♦ 6	♦ 9 7 5
♣ K Q 8 2	♣ 6	♣ 9 7 3	♣ 10 9 8 4 3

N	E	S	W
♠ 55	♠ 7	♠ 4	♠ 10 5 4 3
♥ 3	♥ 10 7 3	♥ 8 2	♥ 9 7 5
♦ A J 10 7 3	♦ K Q 8 2	♦ 6	♦ 9 7 5
♣ K Q 8 2	♣ 6	♣ 9 7 3	♣ 10 9 8 4 3
♠ 55	♠ 7	♠ 4	♠ 10 5 4 3
♥ 3	♥ 10 7 3	♥ 8 2	♥ 9 7 5
♦ A J 10 7 3	♦ K Q 8 2	♦ 6	♦ 9 7 5
♣ K Q 8 2	♣ 6	♣ 9 7 3	♣ 10 9 8 4 3

With East-West vulnerable East dealt and bid three spades, the next two players passed, North reopened with four diamonds, and South bid four hearts, which became the final contract.

West led the Ace of spades, a second spade was taken by the King, and East continued with the Knave. South ruffed with the ten of trumps, West over-ruffed with the Knave, dummy won with the King, and East started a peter with the six. The first round of trumps was won by the Ace, and East at once returned the five of clubs, ruffed the club return, and put the contract down with the Ace of hearts.

The declarer could have avoided defeat if he had read the position accurately. He must allow the King of clubs to hold the second trick. A club continuation is won in dummy, and the King of trumps is played. East wins, but he has now no way of getting his partner in to give him a club ruff. We can, perhaps, forgive South for failing to duck the club lead, but we cannot really excuse East's pass of his partner's optional double. Had he bid three no trumps, he would have made the contract, as North could not have avoided playing a trump to the King, he

At a love score South dealt and bid three spades, West doubled, and East passed for penalties — a most dubious decision. What is wrong with three no trumps?

As it was, against the doubled spade contract, West led the King of diamonds. If a second diamond had followed, South would have had no trouble in making his nine tricks. But West shrewdly switched to the King of clubs, dummy's Ace won, and East started a peter with the six. The first round of trumps was won by the Ace, and East at once returned the five of clubs, ruffed the club return, and put the contract down with the Ace of hearts.

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STEEL BROTHERS HOLDINGS LIMITED

PRELIMINARY PROFIT ANNOUNCEMENT

DIVIDENDS

At a meeting held on 16th May 1975 the maximum permissible final dividend was recommended for the year 1974 of 4.33 pence per share. The recommended final dividend when added to the interim of 3.16575 pence paid on 31st December 1974 totals 7.49575 pence per share. After making due allowance for the imputed tax credit to shareholders resident in the United Kingdom the total dividend is 11.3865 pence approximately per share compared with 10.125 pence for 1973.

The 1974 final dividend warrants will be posted on 31st July to shareholders registered on 2nd June 1975.

CONSOLIDATED PROFIT STATEMENT FOR 1974

	1974	1973
Turnover	54,490,181	49,766,119
Profit for the year before charging depreciation	3,243,664	3,201,199
Depreciation	1,145,878	1,122,569
	2,097,786	2,078,630
Profits less losses of associated companies	581,765	352,954
Profit before taxation and extraordinary items	2,679,551	2,431,584
Taxation (note 1)		
United Kingdom	547,635	460,894
Overseas	1,131,036	1,139,758
	1,678,671	1,600,652
Profit after taxation	1,000,880	830,932
Interest of minority shareholders	372,817	193,789
Group share of pre-acquisition loss	60,703	42,740
	312,114	151,049
Profit before extraordinary items	688,766	679,883
Extraordinary items	2,682	(237,900)
Profit after extraordinary items	691,448	441,983
Preference dividends	127,981	73,583
Profit applicable to ordinary shareholders	563,467	368,400
Ordinary Dividends		
Interim	101,294	94,071
Proposed Final	138,546	127,019
	239,840	221,090
Profit for the year retained	£323,627	£147,310
Basic earnings per Ordinary Share excluding effect of extraordinary items	17.53p	18.95p
including effect of extraordinary items	17.61p	11.51p

NOTE

1. The high incidence of taxation of approximately 63% is due to losses in Australia and The Netherlands for which there is no tax relief. With-out these losses the rate of tax would have been 49%.

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1970 Long Wheelbase Saloon with Division finished in Garnet with Beige hide upholstery to front and Beige West of England cloth to rear. Stereo unit. Recorded mileage 19,000.	£8,975
1970 Silver Shadow 4-door Saloon finished in Garnet with Beige hide upholstery. Recorded mileage 17,000.	£7,500
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Short-listed

Following my article on making and bottling your own wines, weeks ago, Suffolk Vineyard of Cratfield, Halesworth, Suffolk, have written to me suggesting that some readers might be interested in their wines. Why not grow your own vines and press your own grapes? Let's see if this is just a joke. There are now some 500 vineyards for the commercial production of grapes for wine in Suffolk, and there are several very reputable firms making such wine and selling it on the open market.

If you planted 100 vines you could in about three years have a good crop and from the fourth year onward you should be getting a full crop. Suffolk Vineyards say that 100 vines would take up about 150 square yards of ground and with good care and attention should give adequate fruit for 100 bottles of wine a year. The total outlay would be in the region of £30 for the vines (these are for non-grafted vines, commercial growers usually buy grafted vines which are more disease resistant).

If the idea appeals to you at all, contact Mr. Fitzgerald of Suffolk Vineyards. Those who live in or around the Brighton area will be interested to know that the Reject Shop of Brompton Road has just opened a branch at 62, East Street, Brighton. The London branch has always specialised in seconds or ends of lines so that perfectly standard-looking goods could be bought for considerably less than the normal retail prices. As the store is nearly always totally available to the ordinary eye, these things usually represent a fantastic bargain.

The Brighton shop will sell the same sort of things as the London one—kitchenware of all sorts, luggage, lighting, furniture, gifts. The only real difference will be that the Brighton shop will also sell "seconds" in China, which the London shop has not been able to do.

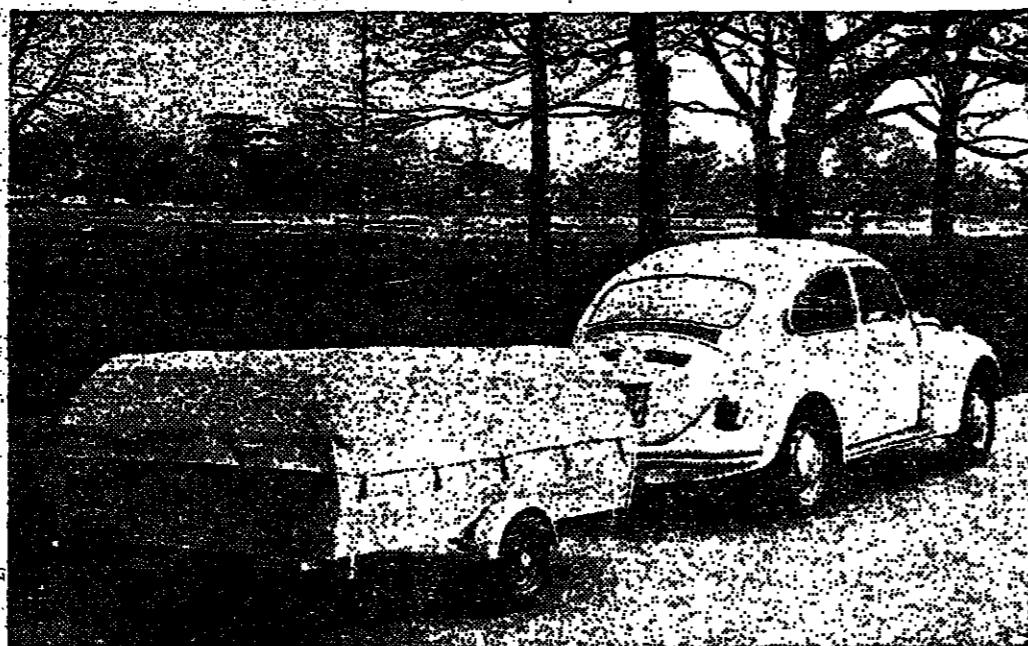
Tights are one of the recurring expenses that are most irritating to buy but somehow we can't do without them. For ordinary, everyday wear or for more under trousers both Sainsbury's and Debenhams stores are currently running very attractive offers on tights.

All Debenhams branches are selling a pack of five pairs of one-size run-resistant tights for 79p (less than 16p a pair). There are three colours—light, medium and dark—and though I wouldn't wear them with summer dresses or evening clothes they are a very useful standby.

At Sainsbury's they are offering a pack of five pairs of one-size tights for 90p (18p a pair). They offer four colours—beige, amber, copper and black—and a useful buy for everyday wear.

Readers living anywhere near that enchanting part of the country between the Severn and the Wye might like to know that for just two days, May 25 and May 26, a small but charming London shop will be moving its entire contents down to the little village of Brockley, near Hove. The shop is called Quakerme and it sells a colourful, individual collection of hand-made fabrics, clothes, cushions, prints and pottery from artist-craftsmen all over the world, but principally from England and Mexico.

They will be selling all their articles at normal London prices but all the profits are to go to help the Restoration Fund to save Hovefield Church. Hovefield Church is an early Norman church which is in grave danger of being demolished unless £500 can be raised to save it. A small entry fee will be charged which will go to the fund and there will be home-made cakes, teas and local cider to refresh those who've travelled some distance. The shop will be open for the two days in Brockley's Hovefield Hall and it should make a good Bank Holiday outing for anybody who has never been able to see Quakerme in London or who would like to see the beautiful church they are trying to save.



Sun-Seeker 404 neatly packed for trailing.

IT'S NOT a great camper or caravaner myself, preferring the softer delights of sturdy beds, solid roofs, certain plumbing and refuge from the wind and rain. However, for more intrepid holidaymakers who are prepared to face the discomforts in exchange for freedom of movement and a considerable reduction in expenditure, tents, trailers and caravans are a boon. The recent VAT changes have, though, had some curious effects on the market. As from May 1, all touring caravans had 25 per cent VAT imposed on them while trailers, which were already exempt, were now more competitively priced, now will be even more competitive as they only attract the standard 8 per cent VAT.

Of course, ardent lovers of caravans or those who own them already will not be deterred but others who are looking for ways and means of holidaying on the

move might like to look at the advantages of a trailer. They are much easier to tow than caravans, being much lighter, compact objects that enable the car to travel relatively fast. The trailer in the picture, for instance, measures 9 feet 3 inches long (including tow bar) by 5 feet 3 inches wide (including wheels). The disadvantage, of course, with trailers is that when you actually arrive at your destination you've then got work to do and if you move on every day you have to take up and put down the trailer tent in the morning and the evening. However the manufacturers of this range of Sun-Seeker trailers maintain that a new owner would take about 20 minutes to put up the tent while practised customers claim they can do it in five minutes.

The Sun-Seeker range has three different models, the 203, which sleeps four but is a family

economy model, for £279.00 (including VAT) while the Sun-Seeker 404, photographed here, is a slightly more luxurious version with foam mattresses for the four beds which convert to day seats, and a zip-on annex bringing the total tent area to about 200 square feet. It sells for £349.00. The Sun-Seeker 503 is the deluxe version with a double inner bedroom with roof lining, caravan-type cupboards and it costs £519.00.

All the tenting on the trailer is made from Black and Edgington canvas and, as any camper will know, Black and Edgington are renowned for the quality of all their camping equipment.

For anyone interested in these trailers a brochure on them all with a full price list (including all the accessories) and list of stockists is available from Davitance (Engineering), Osborne Industrial Estate, Osborne Street, Oldham, Lancs.

Into the Great Outdoors



'Chinese' cane chair

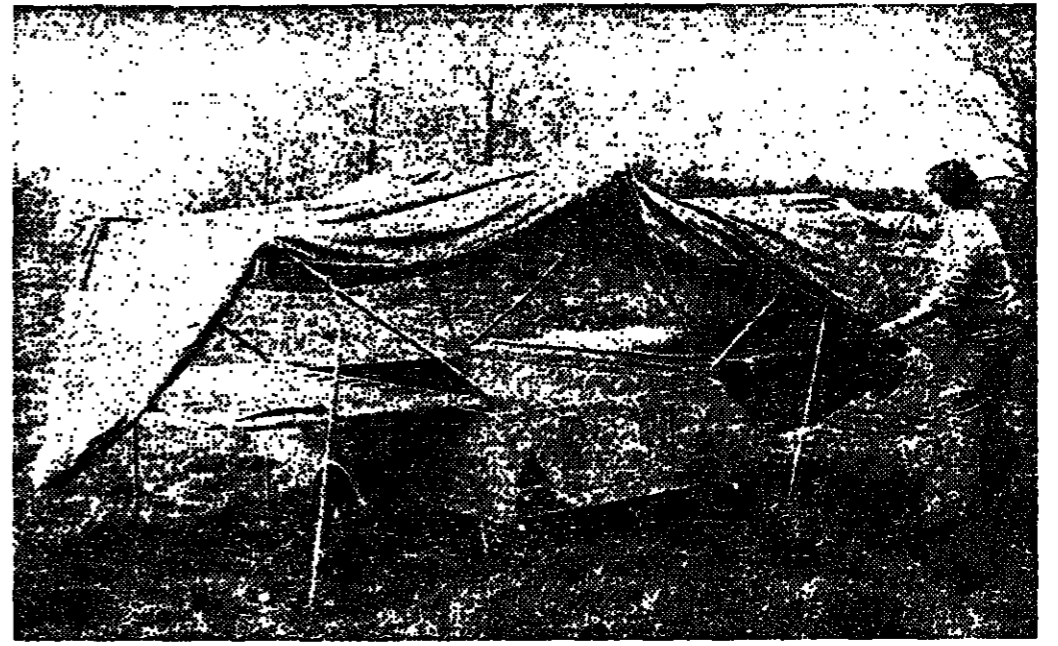
Otherwise, for those who want to see them straight away, stockists include Eastons of Wimbledon, Blacks Outdoor Centres in Birmingham, Cardiff, Dundee and Casey's Camping of Bristol.

HABITAT and all its branches are now selling this rather charming table, bench and matching chairs, which are just like the ones that are found all over Paris in the open-air parks. They're made of steel with slatted wooden seats and have a slightly formal, old-fashioned air which I find pleasing. A cotton umbrella slotted into the centre of the table gives it the finishing touch.

The prices are surprisingly reasonable in that the chair is £5.95, the table is £15.00 while the bench is £21. All the furniture folds up so that it can be easily stored in winter and it can be left outside during light showers but it shouldn't be left out in heavy rain or during an entire winter.

For those who like to know precise measurements—the chair is 47 cm high, the table is 71 cm high with a diameter of 90 cm while the bench is 150 cm long. The umbrella may be red, yellow or blue and has a white fringe. It is £12.25.

STILL on the theme of garden furniture, I believe that where storage space is in short supply it is better to use the sort of furniture that can transfer happily back to the house when the sun's no longer shining and can undoubtedly look as good indoors as out. Cane furniture, which used to be very reasonably priced, has unfortunately become



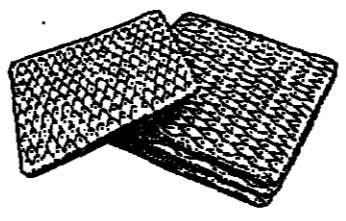
Sun-Seeker on its way up.



Touch of Paris in the garden.



Sentimental charms



Eastern cushions

A SMALL but very useful addition to any household that likes outdoor life are these woven maize garden cushions from the Far East. They're 38 cm square and are just the thing for sitting on round swimming-pools, on picnics, on beaches or on "hard" garden seats. They're 95p each (p+p 40p) or four cushions for £4.48 (inclusive of p+p).

They're available from Room Outside Limited, Goodwood Gardens, Waterbeach, near Chichester, Sussex.

IF YOU hanker for the sort of lush, Rococo garden that the Italians are so good at, Leake's Masonry of Louth, Lincolnshire, have a good range of plump stone cherubs which could provide just the right finishing touches. They are all made by Italian craftsmen from reconstructed marble.

They are not everybody's taste and would look rather odd in the kind of spare, very design-conscious garden that was so fashionable some years ago. But now that a tusher, richer approach to design, whether in clothes, houses or gardens, has begun to emerge what could be nicer than a chubby cherub to enliven the view from the sink? Leake's have a whole selection of cherubs as well as an elegant Leda with her swan and a somewhat-out-of-place looking man at work. The cherub photographed here is £62 and she has a matching boy pair at the same price.

They will have a catalogue available shortly which they will send free to anybody who sends a.s.e. In the meantime the statuary can be bought direct from Leake's Masonry.

Bubbly break



ALMOST EVERYBODY I know seems in greater need of some form of treat and cheering-up than ever before. The unkind might call it a form of Walter Mitty escapism, while the more charitably inclined might look on it as a natural reaction to the somewhat nerve-racking year most of us seem to have had.

If you are feeling in that slightly jaded state, wondering if you can last out your summer holiday comes around, I can hardly suggest anything more likely to revive and cheer than a visit to the Champagne area of France. I can't claim that it's cheap or that it's essential, I can only assure you that you will come back with that indefinable sense of well-being that France so often manages to induce.

Though the Champagne area, lying somewhat North and East of Paris, doesn't have the powerful romantic appeal of the South it does have a quieter, more austere appeal of its own while the food and wines provide almost all that the most dedicated sensualist could require in the way of more earthy pleasures.

For the British it has the additional virtue of being very accessible for a long week-end so that a reviving trip could be taken there without breaking into the holiday allowance.

There are several ways of going there—the quickest and, I think the most charming way, is to fly by Air Champagne. These flights go direct from Gatwick to Rheims, in the heart of Champagne, leaving Gatwick at 1.30 every weekday, returning from Rheims at 11.15 every weekday morning. The planes are small (15-seater Beechcrafts) and take an hour and a half to Rheims where you are ready to start on the Champagne tour. The flight is £49.90 return but husband or wife going along would then be eligible for a 50 per cent discount on a spouse's fare, provided they don't stay longer than five days. Otherwise you could take the car ferry and drive (two couples

I met out in Rheims had done this but they'd got so held up by a large celebration lunch in Boulogne that they seemed to be trying to catch up ever after) or fly to Paris and take the train to Rheims or Epervay.

Once you arrive in Champagne, either in Epervay or Rheims, there is more than enough to do and all the tourist information is very well set out, making it as easy as possible to find out what to do and when.

A visit to a Champagne cellar is a most and most of the big Champagne houses are very well organised for receiving visitors, explaining in the most detailed and loving way what it is that makes Champagne unique and giving you a taste of their own particular brew at the end. Go in the week if you can, when work is going on, otherwise they open on Saturdays but not Sundays.

There are marvellous places to eat—La Chaumiere in Rheims (two stars in Michelin) seems by general accord to be one of the most outstanding while Le Royal Champagne, on the brow of a hill overlooking the Marne valley, is also well worth visiting.

The two couples who had been so delayed while sampling the gastronomic delights of Boulogne also told me that they, on special occasions, would spend a day or two at the Hostellerie du

Chateau just outside Fère-en-Tardinois where the price is high but includes ample and exquisite food, as well as champagne. Find it in the marvellous guide, *Reis de Champagne Châteaux Hôtels Relais Gourmands*, available free from the French Tourist Board, 178, Piccadilly.

To make sure that any Financial Times reader who wants to go to the Champagne area knows just where to go and what to do the Comité Inter-professionnel du Vin de Champagne in Epervay will arrange for a complete information kit (including maps, Champagne houses they can visit, visiting hours and so on) to be waiting for them in their hotel. Readers should either write to the CIVC, c/o 10 Doughty Street, London, W.C.1 letting them know when they're leaving where they are staying, how long they will be in either Epervay or Rheims and whether they are travelling by car, Air Champagne or scheduled flight and all this will happen automatically. If they forget they should telephone the CIVC in Epervay when they arrive (26) 51-067.

There's really only one drawback that I can think of—and that's that after a week-end of sampling the delights of several cellars I've now got severe withdrawal symptoms that I see no two at the Hostellerie du

GULF AIR VC10 to 10AM DAILY TO THE ARABIAN GULF

TO	MON	TUE	WED	THUR	FRI	SAT	SUN
7 FROM LONDON WEEKLY HEATHROW	09.50	09.50	20.45	09.50	09.50	20.45	09.50
7 TO BEIRUT	ARR 18.20	18.20	16.20	16.20	16.20	16.20	16.20
5 TO BAHRAIN	ARR 19.30		19.30	05.05		05.05	05.05
5 TO DOHA	ARR	05.15	19.40	19.40	19.40	19.40	19.40
5 TO ABU DHABI	ARR 22.15	01.00	22.15		22.15	22.15	22.15
5 TO DUBAI	ARR	21.05	22.15		22.20	08.00	08.00
8 TO MUSCAT	ARR	22.35	08.25	23.59	08.20	23.59	08.20

Every morning at 09.50 a Gulf Air VC10 leaves Heathrow for the Arabian Gulf via Beirut. These flights are conveniently timed to allow a night's rest at either end of the journey. In addition to the daily morning flights, there's a 20.45 non-stop flight on Tuesdays, Thursdays, Saturdays and Sundays.

Flying Gulf Air also means enjoyment of the famous VC10 comfort and quietness,

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For further details: Gulf Air Manager UK: (Suite 234/5, Churchill Hotel, Portman Square, London W1). Telephone: 01-486 5800.

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Join the County Set

IF YOU don't feel like broaching the rigours of "abroad" and want to see a little more of England there is a very beautiful, private house down at Westbury in Wiltshire where the owners are offering a small number of guests, one of the most luxurious and comfortable stays away from home I have come upon.

Chalcot House is a beautiful Queen Anne house (though parts of it are older) set in the countryside outside Bristol and run by an ex-stockbroker and his wife. The house has been beautifully modernised by The Crosby and every luxury and comfort is offered.

The price for a stay is high (£25 per night per person) but it does include absolutely every-

thing—food of a high quality, wines, drinks, use of the library, croquet lawn, tennis, horses, all excursions, entrance fees and outings.

This is not the sort of week-end that would appeal to or be available to everybody but to those who need a real rest, who want to see something of the English countryside and who feel in need of the comforts supplied by a truly English country house, then I think Chalcot House has something unique and special to offer.

Mrs. Ethne Rudd has produced a charming brochure illustrating the house, describing the atmosphere she tries to achieve and the comforts offered so anybody interested could write to her at Chalcot House, Westbury, Wiltshire (tel. Chapmanslade 466).

مكتبة

Have you noticed the inflationary claims in car advertisements?

In the last year or so, virtually every car has gone up in price. Higher raw material and higher labour costs have made that almost inevitable.

The fact is, however, that not all cars have increased in price by the same amount. Some have actually increased in price at almost twice the rate of inflation. A few have managed to control their price increases to below the rate of inflation: the Audi 100 LS is one of these few.

In real terms, the Audi 100 now costs less than in 1974.

In January 1974, the Audi 100 LS cost £2227. Today it costs £2675. That's an increase of 20%.

At the same time, inflation has reduced the purchasing power of money by 24.5%. So in real terms the Audi 100 LS now actually costs less than it did fifteen months ago.

As you can see from the chart, that's a statement which none of the other leading cars in our class are able to make.

Price changes from January 1974 to April 1975	
Inflation	up 24%
Audi 100 LS	up 20%
Peugeot 504	up 28%
Volvo 144/244	up 36%
Triumph 2.5PI	up 40%
Rover 2200SC	up 45%
Ford Granada XL	up 45%

Of course, even at £2675 we're not pretending that the Audi 100 LS is a cheap car: our standards of engineering and quality control make that impossible. And in the past these same standards have meant that our car has generally been more expensive than others in its class.

Today, however, the more rapid price increases of our competitors mean that you no longer have to pay a premium for the Audi's engineering virtues. Luxury executive saloons that used to cost as much as £200 less than the Audi now cost between £200 and £300 more.

Now an even better car than in 1974.

In 1974, even when the Audi 100 LS cost more than its competitors, we believed that it still represented good value for money.

According to Autocar, its efficient engine used no more petrol overall than an ordinary family car like the Ford Cortina. Yet its performance over the standing start quarter mile was only 1.2 secs. behind the Jaguar XJ6 (Comparison made by Autocar using automatic versions of both cars).

It had a 10,000 mile service interval. And offered you almost as much space inside as a Rolls Royce Silver Shadow.

Today, the 1975 Audi 100 LS still offers you all this. But today we now incorporate a major technical innovation that no other car in our class yet offers you: the Audi NSU steering and braking system that can keep you on course if your front wheel skids or punctures.

(Of course, some of the other cars in our class have also changed since January 1974, and when you've examined these changes you can decide for yourself whether they justify the extra cost of those cars.)

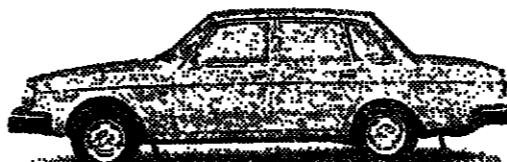
How our competitors have overtaken us.



Rover 2200SC: now £258 more.



Triumph 2500 TC: now £232 more.



Volvo 244DL: now £310 more.



Granada XL: now £333 more.

Will the Audi 100 ever be a better buy than now?

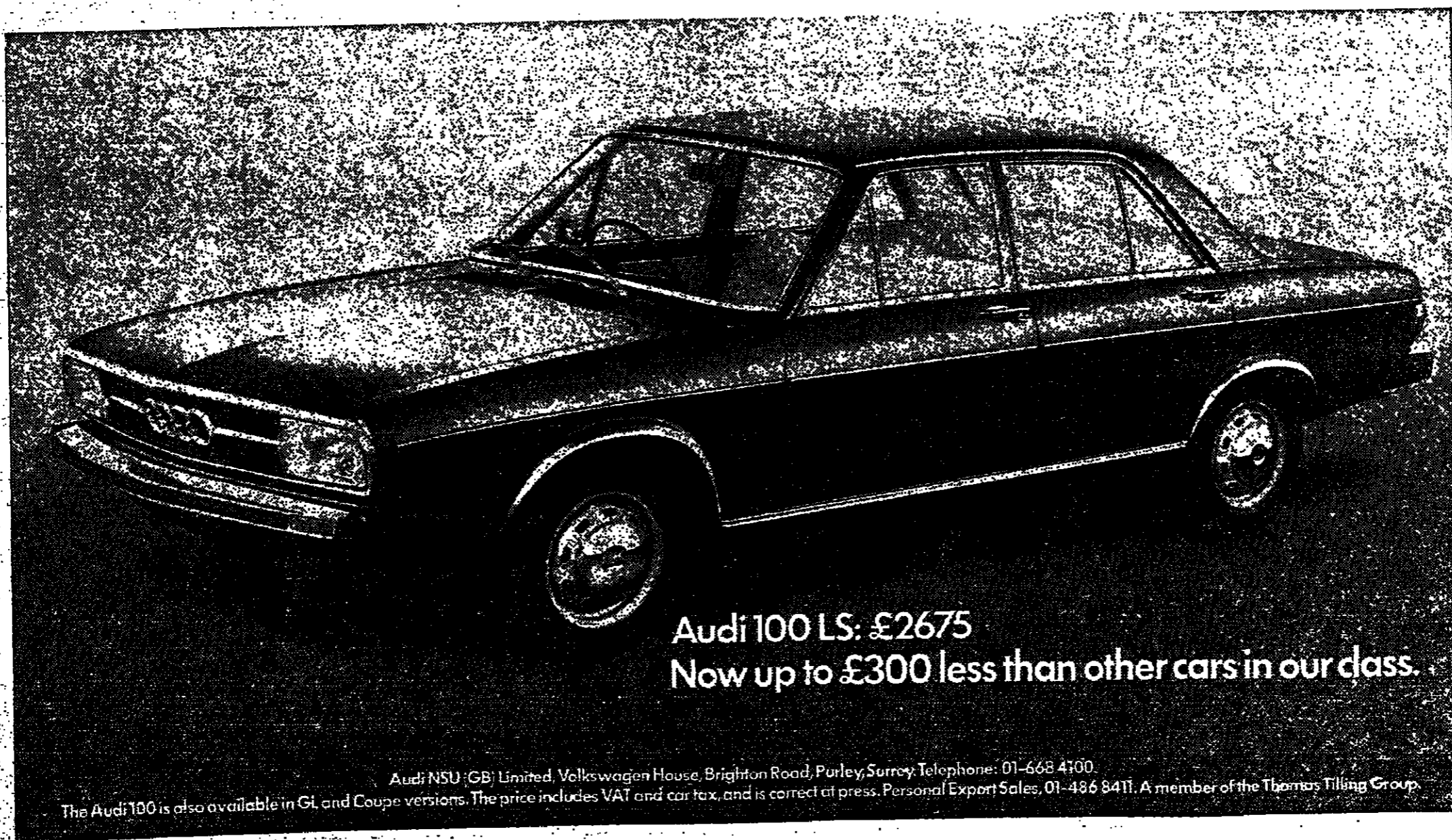
Hopefully, we'll still manage to hold our price behind both our competitors and the rate of inflation. Nevertheless, manufacturing costs are rising all the time, and our prices, regrettably, are likely to rise accordingly.

So the longer you wait before you buy an Audi 100, the more it's likely to cost you.

Visit your Audi NSU dealer now. You'll find he's one of the very few people who can help you beat inflation.



AUDI NSU



Audi 100 LS: £2675
Now up to £300 less than other cars in our class.

Audi NSU (GB) Limited, Volkswagen House, Brighton Road, Purley, Surrey. Telephone: 01-668 4100.

The Audi 100 is also available in GL and Coupe versions. The price includes VAT and car tax, and is correct at press. Personal Export Sales, 01-486 8411. A member of the Thomas Tilling Group.

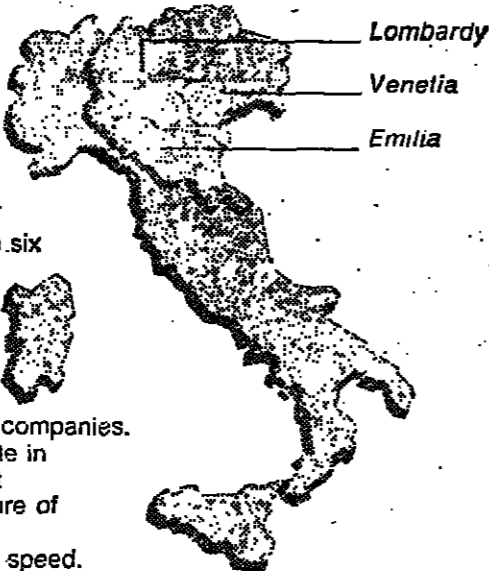
get there sooner (...and better) with us

Lombardy, Venetia and Emilia.
Three regions in north-eastern Italy: three important regions. Three regions that really count. That count for 30% of Italy's population, 47% of its output and 58% of its import-export trade. And it is here that we are at work. We are the six banks of the Gruppo Nordest.

Six popular banks, six co-operative banks, six banks that are their clients' best friends.

And our clients range from small tradesmen to big multinational companies.

In these three regions we operate in more than 300 branches. No-one but us can penetrate into the very structure of economic life: no-one but us can reach our clients with such ease and speed.



Banca Agricola Mantovana Banca Mutua Popolare di Verona Banca Popolare di Bergamo
Banca Popolare di Modena Banca Popolare di Sondrio Banca Popolare di Vicenza

The Edinburgh Investment Trust Limited

Results for the year ended 31 March 1975

1974

	1974	1973
Gross Revenue	£3,002,725	£2,996,730
Earnings per deferred stock unit (£1)	£5.12p	£5.30p
Dividend per deferred stock unit (£1)	£4.85p	£4.75p
Net assets being total assets less current liabilities	£59,107,958	£56,200,604
Asset value per deferred stock unit (£1)		
after deduction of prior charges at market value	192p	188½p

EXTRACTS FROM STATEMENT BY THE CHAIRMAN, Mr I.R. GUILD

● There has been a modest increase in gross revenue stemming mainly from money on deposit and overseas holdings which attract corporation tax and, as a result, the net earnings show a small decline. It is hoped to maintain the dividend in the current year.

● Your board believe that the U.S. economy will begin to pick up towards the end of 1975 and in this belief, they have arranged a new dollar loan of \$5.0m to take advantage of such expected

recovery. The loan has now been fully drawn down and invested.

● Your directors see no reason at present for altering their policy of maintaining a large part of the company's funds in overseas investments but will be quick to alter course if a country's economy shows signs of stagnating or greater investment opportunities reveal themselves elsewhere.

The Annual General Meeting will be held on Monday, 9 June 1975.

Copies of the Annual Report and Accounts may be obtained from The Secretary, The Edinburgh Investment Trust Limited, 3 Charlotte Square, Edinburgh EH2 4DS.

Pan Am row peace talk in U.S. next week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

TALKS are to be held in Washington next Wednesday between the U.K. Department of Trade and the U.S. State Department, in a bid to resolve the dispute over the level of commissions that Pan American World Airways pays its travel agents.

The dispute has arisen over differing legal interpretations of the Anglo-U.S. Bermuda Agreement, which governs air services between the two countries, following a Pan Am decision to pay its travel agents a 3 per cent increase in commission on ticket sales, instead of the 1 per cent rise that most other airlines want to see.

The U.K. is insisting that Pan Am can only pay the 1 per cent increase (making a 71 per cent commission) in the U.K. and anywhere else in the world, for flights to the U.K. In effect the U.K. is claiming "extra-territorial rights" to control what level of commissions agents can get, say, in New York, on tickets sold for Pan Am flights to Britain.

This the U.S. is objecting to strongly. While admitting that the U.K. has rights over commissions in its own country, the U.S. State Department denies Britain's right to any say in what

agents are paid in the U.S. or elsewhere.

Pressure on Pan Am has been brought by the U.K. which says it will not consider applications for charter flights planned after May 26, unless Pan Am agrees to drop its 3 per cent rise in commissions world-wide on flights to Britain.

Pan Am has also been formally warned that if it has not accepted the U.K.'s requirements by the end of next week, Mr Peter Shore, the Secretary of State for Trade, will have to consider whether to revoke Pan Am's operating permit to the U.K.

The U.K. is basing its case on Annex 2 of the 1946 Anglo-U.S. Bermuda Agreement on joint air services, which rules that in agreeing rates for such flights "all relevant factors" shall be considered. The U.K. says this includes commission payments. The U.S. disagrees.

Even in the U.K., the travel trade believes the Department of Trade is wrong. The Guild of Business Travel Agents believes Pan Am is within its rights and has told its members to issue "debit notes" to such airlines as British Airways for the difference between the 3 per cent increase Pan Am wants and the 1 per cent rise British Airways is paying.

Student numbers plan faces economic snag

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

A WARNING that the Government's proposed increases in student numbers could face economic difficulties came yesterday from Lord Crowther-Hunt, Minister of State for Higher Education.

He told the Association of University Teachers' council, in Manchester, that the Government was having to consider the most economical ways of increasing student numbers on degree-level and other courses.

Then he added: "Indeed, we shall have to consider whether our targets here can actually be met without creating conditions unacceptable to all concerned."

Present policy includes a one-third increase to 840,000 full-time students in polytechnics and universities by 1981.

Lord Crowther-Hunt also said

that despite the dispute over the Government's proposed increases in student numbers, the Government held the universities "in the highest possible esteem."

The university vice-chancellors and principals committee yesterday supported the dons' union in its demand that the 12-month rule of the social contract should be relaxed to allow a pay increase before October.

The dons have been held to a Stage Three rise of 8 per cent, plus thresholds, while staff in non-university institutions have grossed rises of around 35 per cent.

"The manifest injustice of this situation is the biggest single factor in the very considerable loss of morale which is occurring in the universities," the vice-chancellors declared.

Newsprint shortage fear

THE SHORTAGE of newsprint experienced last year is likely to recur in two years' time because of lack of investment in new plant and machinery, Mr Colin Popham vice-chairman of the Bowater Corporation warned yesterday.

He said the current softness of the newsprint market meant that manufacturers had been closing mills and none investing in new capacity. Demand was likely to rise in the medium term and by 1977 there would be inadequate capacity to meet it.

Speaking after the corporation's annual meeting at which pre-tax profits of £58.6m for 1975 were reported, Mr Popham said that

newsprint prices may well remain at current levels for a while because producers had been cutting output rather than prices.

He added that while Bowater's North American newsprint activities were likely to produce the same level of profits as last year if current trading continued, margins were still not satisfactory.

Assuming static costs, prices would have to rise by around 33 per cent to give a return which would justify major new investment in newsprint capacity. Consumption was heading up well in the U.K. although the group was concentrating on expansion of high-grade paper production.

IN BRIEF

Jobless rise slows

The rise in unemployment in the northern region in recent months was only half the national rate, the North of England Development Council said yesterday.

Orient service

Neptune Orient Lines of Singapore has introduced a new container service from Felixstowe to the Far East. The U.K. agents are Cory Brothers Shipping, part of the Powell Duffryn Group.

This is in addition to existing sailings from Tilbury. The arrangement means at least

monthly container sailings to Port Kelang and Singapore as well as the existing conventional service. Hong Kong will be served by four vessels using Felixstowe.

£1m. gas plant

A £1m. natural gas manufacturing complex is to be built at Howdon on Tyne. Work will start next month on the plant, which will make gas out of naphtha.

More offices needed

More Government and commercial offices should be located in

Gardening

The case for magnolias

BY A. G. L. HELLYER

FOR SOME time past I have been slowly replacing my Japanese cherries with magnolias since birds strip so many of the buds from the cherries that they seldom produce a worth-while display. There are exceptions, though I have never been quite sure whether this was due mainly to the variety of position. Undoubtedly the siting of trees can be important since cherries that are growing close to roads are seldom attacked, presumably because traffic frightens the birds, particularly the bullfinches which do most of the damage.

Adaptable

Magnolias never seem to be attacked at all, probably because their buds are too big and downy, and though they certainly do not provide the answer to the bird problem in all gardens, since only a few varieties have a high tolerance of chalk or lime, which cherries love, they are considerably more adaptable than many gardeners suppose.

There are, for example, few soils in which Magnolia stellata will not grow, and it is also one of the best choices for small gardens since it flowers young, grows quite slowly and takes many years to reach its maximum height of around 10 to 12 feet.

The white flowered form is the most familiar but there are at least two pale pink varieties, Rosea and Rubra, which are equally satisfactory, there is also a delightful pink hybrid named Leonard Messel which will in time make a small and beautiful tree. All will grow well on moderately alkaline soils and are excellent town shrubs.

Magnolia soulangeana is also easy to manage and I often admire its large tulip-shaped flowers as I drive into London in spring, for many good trees are to be seen even along the main suburban roads. This must be the most widely planted of all magnolias, though it is not really so suitable for small gardens as M. stellata because

of its much greater size. It needs an acid soil and partly been slowly replacing my really a tree, not a shrub, but because it flowers so early that Japanese cherries, with a very broad one, with the its display is likely to be cut branches sagging out as they short by frost except in sheltered places.

For those who really need a big tree magnolia, the best choice would be M. velutina, but old specimens can cover a lot of ground. This natural tendency to middle age-spread can only a few nurseries have any stock of this magnificent hybrid, removing some of the lower branches, but it will still require a good deal of space as the years go by.

It is a hybrid with many varieties of which the most popular are Alba Superba, M. campbellii and they come white; Leneel, purple and later, in April, when they are white; and Rustica Rubra, rose much less liable to be injured by frost. It is remarkable that the largest white by frost. It is remarkable that flowers are produced by a variety named Brozoni, but men to recognise the potentiality of this very fine tree, for though it is far too big for most nurseries, though well worth looking for as also is Alexandrina with white flowers that are splashed rather than flushed with purple.

Slow growing

Quite different from these are the summer flowering magnolias with hanging cup-shaped white flowers, each with a central boss of crimson stamens. Magnolia sieboldii is the one most likely to be offered, but if they can be found either M. sinensis or the closely-related M. highdownensis are better buys since they are easier to grow and are more tolerant of lime. But all are delightful small trees, never showing like the spring flowering magnolias, but elegant, pleasantly scented and never likely garden to become a nuisance.

Magnificent

The real tree magnolias, such as M. campbellii, M. sargentana and M. sprengeri, are magnificent when they get going, but take so long about it that few have the patience to plant them. Twenty years is a long time to wait for the first sight of those immense rose-pink blooms, but the fine variety of M. campbellii named mollicoma can cut this extended adolescence by half that I chiefly value M. grandiflora and is gradually becoming a more popular tree to buy. Even so it named Ferruginea, has an extra can never become popular in the dense coating of that attractive manner of M. stellata and M. soulangeana partly because of the underside of the leaves.

Separate export body urged

Financial Times Reporter

A CALL for exports promotion to be taken away from the Department of Trade and entrusted to a separate and wholly independent ministry was made yesterday at the annual conference of the Clothing Manufacturers' Federation.

Mr. Joe Guzzan, chairman, said the Trade Department was already overloaded with other responsibilities. A new body was needed which should be headed by someone who knew and understood the problems and who had authority to solve them.

ANGLO-SWISS HOLDINGS LTD.

(Precision Turned Parts, Nameplates and Metal Pressings.)

1974 RESULTS IN BRIEF

	1974	1973
Group Net Assets	2,486	1,908
After deducting Future Taxation of Turnover	3,491	2,774
Profit before Taxation	602	335
After charging Depreciation of	81	79
Before charging Extraordinary Items of Profit after Taxation and Extraordinary Items	285	124
Cash Cost of Dividends	32	34
Dividends per 25p Share Gross	4.8244p	4.2p
Earnings per 25p Share	10.99p	5.35p

Selected Points from Chairman's Statement and Supplementary Report at the Annual General Meeting held on 15th May 1975.

1974 was a record year for sales and profits and due to the high levels of orders and work on hand was little affected by the drop in demand which, starting midway through the year, reached unprecedented proportions by the year end.

Profitability had been declining during the last quarter of 1974 and, while the first quarter of 1975 has still shown a profit, albeit very modest, this will undoubtedly turn to a loss in the second quarter.

The results for the year will fall well below the level of the past two years. Everything is dependent on the strength and timing of the recovery in demand which I am confident will come but of which at the moment there is still no sign.

WATTS BLAKE BEARNE

& COMPANY LIMITED - NEWTON ABBOT

Strong Position to Face Future

Mr. C. D. Pike, O.B.E., M.A., LL.B., the Chairman, in his annual review, reported:

* Pre-tax profit of £1,446,881 (£1,027,268).

* Ball Clay sales exceeded 500,000 tonnes for the first time, and supplied to over 50 countries.

* Exports of China Clay increased to 46%.

* Investigation of full potential of German deposit being energetically pursued.

* Prospects: 1975 will not be an easy year but preparing to take full advantage of next upswing, of which first signs, on the Continent of Europe, are expected early in 1976.



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Matthews Wrightson Land Limited
Rural land use
Instone Air Transport Limited
Air Brokers on the Baltic Exchange

1974 pre-tax profits were £5m after charging the cost of holding rural land stocks (£1.7m). This compares with £5.8m in 1973.

Profits from insurance broking (£3.6m), shipbroking (£2.0m), management of Lloyd's underwriting agencies (£546,000) and airbroking (£161,000) all showed improvements over the previous year.

Rural land use operations, before charging the cost of holding land stocks, continued to be profitable overall (£364,000), although at a lower level than last year.

If you would like to receive a copy of the Report & Accounts, please write to The Secretary, Matthews Wrightson Holdings Limited, Fountain House, 130 Fenchurch Street, London EC3M 5DJ.

OVERSIE
Japan goes
deficit again
worry
Turnover
Profit before
Earnings

OVERSEAS NEWS

Japan goes into deficit again

TOKYO, May 16. JAPAN recorded its first balance of payments deficit for three months in April, but the basic balance remained in surplus, according to preliminary figures released today by the Finance Ministry. The Ministry reported an overall payments deficit for April of \$420m, compared to a surplus of \$293m a month earlier. The deficit came mainly from movements of short term capital and errors and omissions in the accounts, the Ministry's figures showed. The basic balance of payments, which excludes short term capital flows and is regarded by economists as the most accurate guide to a nation's external economy, continued in the black

Michael X hanged in Port of Spain

By David Renwick
PORT OF SPAIN, May 16. Michael Abdul Malik, former London-based Black activist, was hanged today in the Royal Jail here for the murder of a barber at Christina Gardens in Trinidad in February, 1972. Malik, who as Michael X dominated London's Black Power scene for over a decade, was also charged with the murder of the British socialist Gale Ann Benson, daughter of a former member of Parliament, but was never tried for this offence.

Thai PM accuses U.S. and orders treaty review

By OUR ASIA CORRESPONDENT

MR. KUKRIT PRAMOJ, Thailand's Prime Minister, yesterday accused the U.S. of violating the country's sovereignty and territorial waters. He was recalling the ambassador to Washington and reviewing all treaties and agreements between the two countries. He was responding to the American defiance of his orders that U.S. aircraft in Thailand should not be used for military action against Cambodia to free the country from the communist takeover. He said that the U.S. had to ensure that such action does not occur again, we shall inform the U.S. that we will review all treaties and agreements with the U.S. up to date. He also said that the review would try to ensure that the same situation did not arise again.

He could not prevent Cambodia and South Vietnam from falling. One of Thailand's most important needs today is to stay on good terms with neighbouring countries which have newly become Communist. Yesterday it was announced that diplomats from both North and South Vietnam would be visiting Bangkok over the next few days. The team from South Vietnam arrived yesterday in the Thai capital to discuss the continued American presence in the area. The North Vietnamese are due on Monday.

Jobs worry French

By GILES MERRITT

PARIS, May 16.

UNEMPLOYMENT has been a major French preoccupation, according to the latest opinion poll to be published here. And in line with Finance Minister Jean-Pierre Fourcade's prediction this week that the rise in the unemployment rate will be around 0.5-0.8 per cent. monthly, concern over the inflation rate has lessened, only to be replaced by worries of joblessness. With 300,000 young people due to come on to the French labour market by this autumn, when the unemployment figure already hovers stubbornly around the 6.5 per cent mark, it is not surprising that it is the under-25 age bracket in the SOFRES poll published in this morning's Le Figaro that is most concerned by the situation. More than half

those questioned in that category questioned themselves "worried" by the prospect of unemployment, a sharp rise of 11 per cent, to 52 per cent, since last month's poll. Overall, the French now seem actually worried by inflation and unemployment, with 35 per cent of the poll believing that the former problem should remain the Government's top priority, and the same percentage saying that the latter should now be dealt with the most urgency. Last month, the figures were respectively 37 per cent, concerned most by inflation and 32 per cent, by joblessness. In spite of the unemployment bogey, however, the labour situation in France is growing increasingly militant.

Laos airmen demonstrate

VIENTIANE, May 16. ABOUT 1,000 men of the Royal Lao Air Force demonstrated today to demand the dismissal of their Rightist commander in a move which could help strengthen the hold of the pro-Communist Pathet Lao on the country.

The call for the sacking of General Bouabong, despite the fact that he recently rallied behind the Coalition Government, could herald a new purge of Right-wingers from senior positions. It follows students' demonstrations last week-end which forced the resignations of several Rightist leaders. The airmen accused General Bouabong of ordering the bombing of Pathet Lao areas in contravention of the 1973 cease-fire, and of dying air force planes to Savannakhet — a former Rightist stronghold — to prevent them falling into Leftist hands. Reuter

Sadat will get U.S. briefing from Hussein

BEIRUT, May 16.

PRESIDENT ANWAR SADAT, Port Said area, and with \$90m-worth of Iraqi crude. The Lebanese daily, Beirut, a newspaper known for close connections with Baghdad, reported today that President Al Bakre has given President Sadat a free hand in his efforts to solve Iraq's conflict with Kuwait over the delineation of their border, and planning to hold with President Ford at Salzburg, Austria, next month. Mr. Sadat moved to Amman from Baghdad at the end of what he described as very successful talks with Iraqi President Ahmed Hassan Al Bakre and Vice-President Saddam Hussein. The highlight of the talks was an agreement of two agreements under which Iraq is to provide Egypt with a loan of \$90m. for reconstruction purposes in the

Arab League to discuss EEC-Israel accord

By MICHAEL TINGAY CAIRO, May 16.

THE signs augur well for the meeting on May 20 of Arab League experts who will discuss the implications for the Euro-Arab dialogue of the EEC trade agreement with Israel. This was clear the day after discussion between a Community delegation and representatives of the Arab League in Cairo. According to sources familiar with the problems of the Euro-Arab dialogue the Arab League representatives and economists were satisfied with the clarification of the Brundage men. Mr. Eamonn Gallagher and Dr. Klaus Meyer, at yesterday's meetings. They discussed the agenda for the planned meeting of European and Arab delegations on June 10, and observers here believe the dialogue stands a good chance of starting on schedule in spite of the angry reaction of Algeria to last Sunday's signing of the Israeli agreement.

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Favourable Results in a Difficult Year

HIGHLIGHTS FROM MR. BRYAN TOYE'S STATEMENT

Bearing in mind the difficulties of the 3-day week, raw materials supplies and the general down turn in business activity, I believe a modest expression of satisfaction is not misplaced. The dividend recommended is 5.025%.

Sales for the first quarter of this year have increased by 34%. This increase includes sales from our new venture of Toye Marketing Ltd., and also E. Dent & Co. Ltd., which was acquired last year.

Future — The Board is continuing its policy of expansion. We are confident in the inherent soundness of the business, in the merchandise we offer and our ability to remain competitive.

	1974	1973
Turnover	£2,995,242	£2,382,789
Profit before Tax	224,138	214,585
Profit after Tax	110,599	112,446
Earnings per share	4.91p	5.0p

Greek ex-Premier charged

ATHENS, May 16. FORMER Greek Premier Spyros Markezinis was today charged as moral instigator of the attack by troops and tanks on Athens Polytechnic in November 1973 during which at least 34 people were killed and more than 1,000 injured.

The charges were levelled by the plenary session of Athens Court of Appeals which acted on a lawsuit filed by Mr. Constantine Dimaklis, pensioned civil servant who lost an eye during the incidents.

One day after troops backed by tanks stormed the polytechnic to evict about 5,000 students who had barricaded themselves inside the campus to protest against the military regime of President Generalopoulos. Mr. Markezinis appeared on television and stated he condoned the action against the students.

MEXICO SIGNS \$200m. LOAN IN LONDON

By Malcolm Rutherford

MEXICO is exploring the possibilities of raising loans in London and some of the Middle East currencies, according to Sr. Mario Ramon Beteta, Under-Secretary of Finance and Public Credit. Sr. Beteta will shortly be accompanying a number of Mexican bankers on visits to Saudi Arabia, Kuwait, Lebanon and Iran when the loan possibilities will be discussed.

Speaking to journalists in London yesterday, he said that Mexico would need assurances of the availability of the currency at the time of repayment and also against revaluation.

Sr. Beteta was here for the signing of a \$200m. loan to provide financing for the expansion of the Mexican economy. The interest rate is 11 per cent, per annum over the London Interbank offered rate.

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DO NOT SEND ANY MONEY. We will send you a Contract Note stating exactly how much you owe and the settlement date.

2. SIGNATURE (FULL FORENAME(S))

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5. POSTCODE

I declare that I am not resident outside the United Kingdom, the Channel Islands, the Isle of Man or Gibraltar, and I am not acquiring the units as the nominee of any person resident outside these Territories. (If you are unable to make this declaration you should apply through a broker or stockbroker.)

SIGNATURE DATE

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NO SALESMAN CALL

M&G

The Government is prepared to make a £3.5m. injection into an ailing toy company to save 400 jobs. Elinor Goodman reports

The price ticket on State-aided toys

ON THE FACE of it there is something a little quaint about the Department of Industry Servants, it seems, will not be bothering to get involved in the expected to start testing toy business at a time of cycles along the corridors of national crisis. Yet this week the Government took a stake in the ailing Tri-ang Toys Ltd. and thus entered the bizarre world of push cars, perambulators and tricycles, a world in which grown men will spend hours agonising over the right shade of blue for a scaled-down Mini or where the wrong glow-in-the-dark can spell financial ruin.

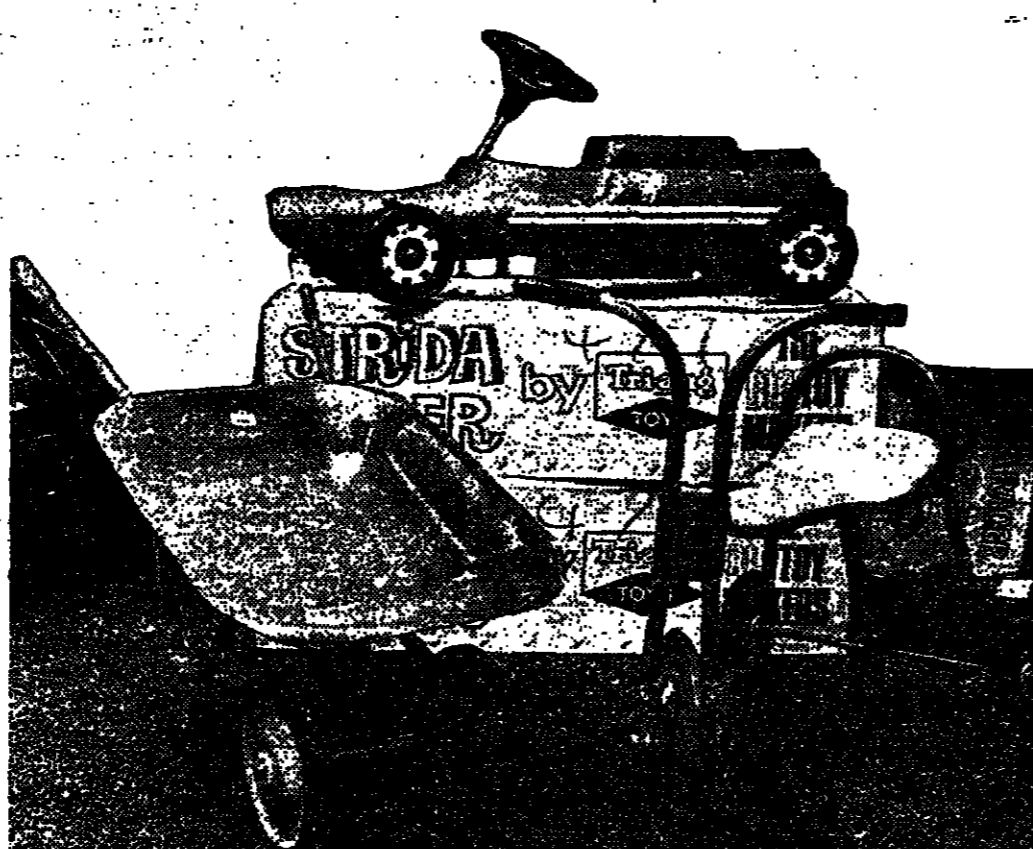
To opponents of Government intervention, the Tri-ang deal must have seemed like Barmy Army. The £3.5m. toy industry could hardly be said to be vital to the economy and Tri-ang itself is only a very small and sickly part of that industry. The guarantee of up to £3.25m. offered by the Department is a high price to save 400 jobs even in an area like South Wales, threatened as it is by further large-scale redundancies as a result of the planned closure of the steel works at Ebbw Vale.

Rescue

Yet in some ways the manner in which Tri-ang is being bailed out is more reminiscent of the days of the Industrial Reorganisation Corporation than the recent crop of Government cash injections. The rescue operation is being carried out in association with Airfix Industries, a well-established toy company whose track record is unimpaired by the kind of ups and downs which made toy shares a fumble on the Stock Exchange in the late 1960s. Though the Government is taking one third of the equity

in Tri-ang, it will be left to something a little quaint about the Department of Industry Servants, it seems, will not be bothering to get involved in the expected to start testing toy business at a time of cycles along the corridors of national crisis. Yet this week the Government took a stake in the ailing Tri-ang Toys Ltd. and thus entered the bizarre world of push cars, perambulators and tricycles, a world in which grown men will spend hours agonising over the right shade of blue for a scaled-down Mini or where the wrong glow-in-the-dark can spell financial ruin.

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Three models from the Tri-ang range of toys: this year the industry expects that "pocket money" toys selling for under £1 will do best.

a classic example of asset stripping. Mr. Bentley closed the factory at Merton and made 1,200 workers redundant. A year later, Tri-ang was sold to Mr. Bentley's Barclay Securities Group, together with Chad Valley and Sebel.

But while employment was largely maintained at Meccano and Dinky after some management changes, the workforce at Tri-ang was drastically reduced. In what is now often quoted as

circulated did little to help Tri-ang. Wholesalers and the big retail chains were reluctant to place orders with a company whose continued existence was a subject of such open speculation. Similarly, Tri-ang's own suppliers became worried.

Then, in March, the company's management told the unions that unless some outside help was found, the factory would have to close. At this stage Airfix had not come into the picture as a serious buyer, though Dunbrake-Comber-Marx, the other major toy company to have mopped up the remains of Lines, was very much in the running.

Mr. Richard Beecham, joint managing director of DCM, who has turned Lines' once loss-making Rovex division into a profitable venture, claims that he was offered similar terms to Airfix by the Government, but balked at the final price. In his opinion, Tri-ang has virtually no hope of ever making money. He points out that the product range of dolls prams and "riding" toys is geared to the more expensive end of the toy market: toys selling at over £5, he argues, will have a hard time this year. Moreover, Tri-ang is also involved in the traditional pram market and in this era of car-owning families, carry cots, not prams, are the order of the day.

At this year's toy fairs for the trade, when spirits were in any case depressed by poor sales, the fate of Tri-ang was a major topic of discussion. Practically all the big names in the business were mentioned as potential buyers and many of them did, in fact, take a cursory look at the idea. The rumours which

Increase

Most of the big companies, like Lesney and DCM, claim to have increased their overall production targets this year despite the lower level of ordering at the fairs. However, even these companies admit to having introduced short-time working in some areas. DCM, for example, which is working at full capacity in four of its divisions, has introduced short time working in its Combox plants.

Most toy men admit that a depressed economy must eventually hit toy sales. Children, they argue, will be the last to suffer from a recession, but parents may exercise an element of restraint in their spending on toys. This year, it is expected that it is the "pocket money" toys selling for less than £1 that will do best. For this reason manufacturers are switching their production from the luxury lines and to the lower priced ranges. DCM, for example, has pruned the great majority of its products selling at over £5. Among the casualties have been several child wonders, including a doll that talked, walked, and drew pictures.

In this situation, where £5 is seen as the magic price barrier, it will be interesting to see what happens at Tri-ang where prices usually start around that mark.

LABOUR NEWS

BSC men plan to stop steel imports

BY OUR LABOUR STAFF

SHOP STEWARDS of British Steel Corporation plants which are threatened with closure or major redundancies are seeking action as soon as next week to block imports of steel from abroad. The union is planning to prevent work being taken away from their plants.

At a meeting in Cardiff yesterday they decided to ask dockers and railwaymen to "black" imports, particularly those destined for the low-cost plants to which BSC plans to shift production.

The meeting was told that stewards at three steel works—East Moors in Cardiff, Shotton in North Wales and Shelton in North Yorkshire—have already made arrangements with dockers in their area.

It is not clear when the

Chief Whip's job like pet poodle, complains Mellish

BY JOHN HUNT

THERE ARE renewed indications at Westminster that Mr. Bob Mellish, the Government Chief Whip, is dissatisfied with his present job and is once more pressing for a change.

In a surprising intervention in the Commons yesterday he declared that he was no longer the watchdog for the Government but, in the last few months, had merely become regarded as "the pet poodle."

Disenchantment

His sudden outburst reflects his disenchantment over discipline in the Parliamentary party and the continued rebelliousness of the Government benches, particularly by the Left-wing Tribune group.

In recent days he has made no secret of the fact that he still feels strongly that after six years in his present arduous job he is overdue for a transfer. At the age of 52 he hankers after a Ministerial job, preferably in housing, where he can make a useful contribution in his final years in the House.

Yesterday's declaration is undoubtedly a strong hint to the Prime Minister that Mr. Mellish hopes for a change in the Government reshuffle expected after the referendum.

In December Mr. Mellish handed his resignation to Mr. Wilson after more than 30 Labour MPs, many of them PPPs, rebelled against the Government in the defence debate. He complained that he could not organise Government voting if he had to deal with two parties within a party.

But he was persuaded to withdraw his resignation on the understanding that a stronger line would be taken against such rebels, and after a two-week holiday for health reasons he resumed his duties.

Despite the assurances, however, his difficulties have continued, and with an effective Government majority of only one in the Commons he has had a harrowing task.

On Wednesday this week a group of moderate backbench Labour MPs put down an amendment to prevent the Government lifting the disqualification on the 11 Clay Cross councillors. This was narrowly defeated after Mr. Mellish had with great difficulty persuaded the five Labour sponsors of the amendment to abstain from voting on it.

Mr. Mellish's latest remarks came yesterday in a debate on the guard dogs Bill. He entered the Chamber and sat on the Opposition benches, prompting Sir Mervyn Davies, the Deputy Speaker, to observe: "The Chief Government guard dog is not sitting in his properly licensed kennel."

View opposite

He retorted: "I am sitting here because I occasionally think it right that I should see what party actually looks like from the other side."

"Reference has been made to the fact that I am the guard dog of this place. My experience in the last few months has been that I am no longer that, but regarded only as a pet poodle."

Mr. James Wellbeloved (Labour, Erith and Crayford) declared: "We know from experience that very often the Government chief guard dog's bark is not as fierce as it might be."

Miners will stay on top of wage race—Gormley

BY OUR LABOUR STAFF

A CLEAR warning was given yesterday that the miners intend to remain pacemakers in the wage race, despite Britain's economic plight, and pleas from the Labour Government for a slow-down in pay claims.

The message came from Mr. Gormley, Minister of Labour, in a speech to the House of Commons.

He said that the Government was not prepared to accept a wage claim of 15 per cent, which would lead to a 10 per cent increase in the cost of living.

Mr. Gormley said that the Government was not prepared to accept a wage claim of 15 per cent, which would lead to a 10 per cent increase in the cost of living.

R-R Scottish workers to drop £12 pay claim

SHOP STEWARDS of the Scottish plants of Rolls-Royce (1971) have decided to drop their demand for a £12 a week pay rise and to table a new claim in November.

This follows a refusal by the 6,000-strong Scottish work force a few weeks ago to go on strike in support of the claim, which sought the regular annual pay settlement following an interim award of £8 a week last November.

Although at first it may appear to be a triumph for the company, the shop stewards' move to put off new pay talks until the autumn is believed to be not wholly welcome.

The company had hoped to use the annual pay talks to obtain a productivity agreement, which it says is the only way for wage increases this year. It had offered yesterday to drop their demand for a 10 per cent pay rise in return for a 15 per cent productivity increase.

But before refusing to go on strike, the Scottish workers had turned down the company's offer and the shop stewards consequently refused to discuss it.

They are now planning to come back with a higher pay demand in November, when the management may find it even more difficult to bring productivity into the deal.

The attitude at the moment is that the men are prepared to discuss productivity but first want to see how much money the company is prepared to offer.

Moscow talks for Shore as trade improves

BY DAVID SASSELLES, EAST EUROPE CORRESPONDENT

MR. PETER SHORE, Secretary of State for Trade, leaves for Moscow on Monday for a week of talks with Soviet officials aimed at identifying the best areas for future trade.

The trip is seen as a follow-on to Mr. Wilson's visit to Moscow in February when co-operation programmes and a £250m. export credit deal were prepared. It comes just as Anglo-Soviet trade is showing its first sharp upswing for years, and the British side is optimistic about the prospects for ending Britain's heavy deficit, which amounted to £285m. in 1974.

Most of Mr. Shore's discussions will be in the context of the Anglo-Soviet Joint Commission which holds its fourth session in Moscow next week. He will also be seeing individual Soviet leaders and Ministers.

He will be accompanied by Mr. Edward Bishop, Minister of State at the Ministry of Agriculture, and Mr. Alex Eadie, Parliamentary Under-Secretary of State at the Department of Energy, along with Lord Kearton, newly appointed chairman of the East European Trade Council.

The Soviet side will be headed by Mr. Vladimir Kirilitsin, deputy premier and Chairman of the State Committee for Science and Technology, who signed the Anglo-Soviet co-operation agreement in London last year.

In the first quarter of 1975 British sales to Russia leapt by over a half while Russian exports declined slightly, though Soviet sales at £73m. still greatly exceeded U.K. sales of £39m.

Mr. Bishop's inclusion in the delegation reflects the strong prospects for purchases of British agricultural equipment and know-how. Other promising areas include technology and equipment for nuclear power engineering, aviation and oil drilling, and complete plants.

The recession in the car industry has resulted in British Sealed Beams of Corby laying off almost one-sixth of its total workforce. The workers were already working a four-day week, and yesterday nearly 100 men employed in making headlamps were made redundant.

Naima Williamson has laid off a further 75 workers at its factory in Kirkcaldy, Fife, because of the lower demand for floor covering. Seven months ago 64 other workers lost their jobs while 240 of the total workforce of 1,900 are now working a four-day week.

Post vote up to Scanlon

BY OUR LABOUR STAFF

THE CASTING VOTE of Mr. Hugh Scanlon, left-wing president of the Amalgamated Union of Engineering Workers, will be required to settle a major constitutional crisis in the 12m.-strong union.

Last week the union's rules revision conference at Blackpool voted 27-25 to retain the postal ballot system for electing officers.

But following the discovery that two "ghost" delegates on the 82-man National Committee were not properly qualified to attend, their credentials were withdrawn and their votes discounted. This left the union with a stalemate on the postal ballot issue, 22-25.

At yesterday's private session Mr. Scanlon was pressed to use his casting vote to clarify the position. He promised he would accept full responsibility and year-and-a-half new concessions on holiday credit in the event of a referendum held tomorrow. One short-time working.

Lay-offs grow as demand slackens

THE RECESSION in the car industry has resulted in British Sealed Beams of Corby laying off almost one-sixth of its total workforce. The workers were already working a four-day week, and yesterday nearly 100 men employed in making headlamps were made redundant.

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London stockjobbers cease trading

BY MARGARET REID

BRADFORD BROS., the two partner and a member of the Stock Exchange for 44 years, is understood to be retiring. The other partner, Mr. Peter Cole, is joining Stocken as a member dealer.

In a notice posted yesterday in the Stock Exchange, it was stated that all Bradford's outstanding obligations would be settled by Mr. Bradford at his firm's office.

For Stocken, which is a prominent dealer in foreign stocks, including South African, the start of trading in the issues hitherto dealt in by Bradford represents a diversification into industrial shares for the first time. The maintenance of competition

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WALL STREET + OVERSEAS MARKETS + CLOSING PRICES

Dow off 11.19 on profit-taking

BY OUR WALL STREET CORRESPONDENT

EASING in the stock of American Telephone and Telegraph Co. and a spillover profit-taking from the previous session pushed down stock prices for the second consecutive day on Wall Street today.

At the close the Dow Jones Industrial Average was off 11.19 at 837.61. The NYSE common stock index lost 0.48 to 47.96. Declines led averages 920 to 500. Turnover fell to 16.53m. shares from 21.89m.

Selling of Telephone's stock appeared to reflect disappointment over the results of a huge stock offering which expired at midnight on Thursday.

The market showed no reaction to reductions in bank prime interest rates to 7 1/2 per cent, from 7 3/4 per cent, or to the 4 point cut to 6 per cent in the Federal Discount Rate.

American Telephone closed off \$1 1/2 to \$301. Because only about 10 per cent of the outstanding warrants were exercised, the utility raised only \$180m. of new equity capital instead of a possible \$1,600m.

During the offering, one warrant plus \$52 entitled the warrant holder to one share of ATT Common stock.

Prices on the American Stock Exchange declined in moderate trading.

The Amex Index fell 0.38 to 57.11 while declines led advances 358 to 244. Turnover slowed to 2.02m. shares from 2.41m. Fed-Mat Corp dropped \$4 1/2 to \$17.

Papers made the only gain as stocks finished generally lower in

moderate trading on the Canadian exchanges. Montreal Industrial Average eased off 0.96 to 198.54.

Industrial mines, ahead on Thursday, lost sharply with Alcan Aluminium down \$1 1/2 to \$21 and Falconbridge Nickel off \$1 1/2 to \$301.

Denison Mines rose \$1 1/2 to \$49. General Motors declined \$1 1/2 to \$47. Gulf Oil Canada lost \$1 1/2 to \$32 1/2. Husky Oil lost \$1 1/2 to \$18 1/2. Rio Algom Mines fell \$1 to \$35 1/2. Among oils, prices were mixed in light trading.

Indices

DOW JONES AVERAGES

May 16 1975

May 15 1975

May 14 1975

May 13 1975

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May 11 1975

May 10 1975

May 9 1975

May 8 1975

May 7 1975

May 6 1975

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STANDARD AND POORS

U.S. STOCK INDICES

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MELBOURNE YIELDS

U.S. STOCK INDICES

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SYDNEY ALL ORD. INDEX

U.S. STOCK INDICES

May 16 1975

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UNIT-LINKED INSURANCE II

Taking the measure of performance

THE MAIN reason why many people opt for unit-linked policies rather than traditional endowment policies is that they think they will end up with more money at the end of, say, 30 years than they would have otherwise done. This is the message which the unit-linked companies have put across over the past decade and until last year it seemed as if it might be achieved without any significant risk.

A few years ago, for example, it was quite usual for unit-linked promoters to say that a guaranteed minimum-maturity value, which merely gave the policyholder the return of his premium plus a small bonus, was hardly worthwhile except as window dressing. At going for it, in particular the time it seemed inconceivable that over a long period there would not be at least some upward movement in underlying values.

After the experiences of 1974, however, and there has been a considerable amount of rethinking about the meaning of "performance" and a swing back towards security as the more cardinal virtue. In this context the traditional with-profit policy, with a guaranteed sum assured, of undue secrecy about the former and of being clearly uncertain about how to treat the latter when capital values were showing an unprecedented fall. Even so, by mid-1974 traditional policies were looking suddenly seemed to have a lot more to offer than the performance of traditional policies once again, when placed beside

their unit-linked counterpart. The handbook, *Regular Savings Plans* did a comparison exercise along these lines and came up with some interesting conclusions. One was that to have achieved as good a return as Scottish Widows' or Clerical Medical with-profits 15-year endowments, it would have been necessary to have chosen one of the "best value" unit-linked policies and for the units to have attained the 74 per cent growth rate which the book assumes for its comparison purposes.

Another was that the maturity date makes a great deal of difference to unit-linked policies, whereas it is of more marginal significance to an endowment policy. At least this was the case until terminal bonuses started to be reduced.

But looking at *Regular Savings Plans* table of maturity values, one can see that the return on the selected 10-year equity-linked policy would have been £1,931 if it matured in July, 1968, against £1,016 (that is, the sum assured) if it had matured in July, 1974. The comparable figures for the with-profit policies of a leading traditional life office were £1,326 and £1,421. On the unit-linked side it may thus be seen that the risk/reward element is much higher.

Weighted

But it is not entirely fair to over-emphasise this aspect, for if the exercise were to be repeated at the present time the answers might well be weighted in favour of unit-linked policies, judging by the performance tables. Moreover, it is difficult to make a broad comparison between unit-linked and traditional policies because most of the former have not been going

long enough. There is still only a relative handful which can produce even 10-year figures.

In addition, it is no longer feasible to look at unit-linked policies as just an extension of the unit trust industry. Unit trusts were the initial linkage but since then the unit system has been extended to property, managed or 3-way funds, internal equity funds, cash or fixed interest funds and even building society shares. According to the linkage chosen, a different degree of risk and volatility is liable to appear.

Most of the comparisons are inevitably between endowments and equity-linked policies which were at their lowest ebb last year. But when one considers the effect the rise in the U.K. stock market over the past four months must have had, it is likely that equity-linked policies are once more leading the field. Up to May 1 120 unit trusts

were showing increases of 70 per cent or more on their properties. Over two years, the December 31 values according to losses tend to be higher, but to Planned Savings' figures and not disastrously so. The lead this gives new life to the pound-ing loss-maker is down by 37 cost averaging principle which per cent. However, one has to unit-linked companies have go back to the comparatively always been fond of promoting, few funds which have been This is that the same premium going for five years or more to buys more units when the market is low and so when the Irish Life property modules) market rises again the buyer which rubs a little of the shine gets extra benefit. But it cuts off the usual claim that property more ice in the earlier stages of a policy than it does towards the end when the policyholder has built up a substantial stock of units and stands to lose heavily if market values fall.

Managed funds look better on the whole over the past six months—though here again there is considerable variation depending on the weighting in property and fixed interest. But they look unexciting over two years and those which have been going for three years do not appear to have been successful in opportunely switching from one sector to another.

It does not follow that this will always be the case, but there is certainly no argument on performance achieved so far, for putting equity-linked funds in the back seat. What it boils down to is that the policyholder has to choose the degree of risk which he feels he can support. This means that with-profit policies certainly have their place as perhaps the first equity-linked policies show savings-type policy an individual should buy since he can look months to May 1, most property forward to a degree of growth bonds have fallen in value but with relative confidence. From there are wide differences and then on it really depends on the one of the problems in the individual requirements. property field always has been accurately assessing values with-

Property

Where property-linked policies are concerned, the picture is more bleak over the short-term, but rather better over the two-year period—which is where the equity-linked policies show the main scars. Over the six months to May 1, most property forward to a degree of growth bonds have fallen in value but with relative confidence. From there are wide differences and then on it really depends on the one of the problems in the individual requirements. property field always has been accurately assessing values with-

Christopher Hill

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Progress in the pensions field

UNTIL RECENTLY, self-employed people and company directors were odd men out in the pensions field. Indeed, before the 1956 Finance Act those who were not members of an authorised occupational scheme were unable to save for retirement and enjoy the same tax encouragement. The changes introduced by the 1970 Finance Act spelt out the following new limits and rules.

For the self-employed, and this applies to anybody who is not a member of an occupational pensions scheme, contributions towards a personal pension can be made up to a limit of 15 per cent of net relevant earnings (that is, earnings from a trade, profession or vocation or from non-pensionable employment less any capital allowance loss relief and "protected" charges) in any year subject to a maximum of £1,500. The individual has the option to choose at what age, between 60 and 70, he would like his pension to start and this need not be fixed until retirement.

An important concession is that a part of the pension can be converted or "commuted" for a cash lump sum at retirement, this amount being tax free, and this is subject to the conditions that such a lump sum does not exceed three times the residual pension. At the same time, arrangements can be made for contributions towards a widow's or dependent's pension.

All contributions, subject to Inland Revenue limits, are fully allowable against basic and higher rate income-tax and these contributions are placed into a fund in which interest, dividend income and realised capital gains are allowed to accumulate free of tax. The pension itself is treated as earned income. This arrangement contrasts with that available for an endowment/immediate annuity policy.

Here, contributions attract relief at only half the basic rate of tax and because endowment insurance is part of a life fund, rather than a gross pension fund, investment returns are subject to income and corporation tax. Although the resulting pension suffers a lower tax bill than that for the personal pension, (since part of an immediate annuity payment is seen as a return of capital and therefore not taxed, while the interest portion is treated as investment income), the overall arrangement is more expensive, except in the case where post-retirement tax rate is higher (that is, a substantial inheritance). Assuming that saving for retirement involves making very long-term investments, at current inflation rates the choice of personal pension schemes must be between with-profits or unit-linked policies. In the short run this is not always the case and the advantages of guarantees on non-profit policies are therefore important.

Top hat

As for the top hat pension, the new code of Inland Revenue practice removed one good reason for having a separate scheme for directors. Although now subject to a wider use, the term top hat arose from the introduction of "salary sacrifice" schemes. This was an arrangement between the company and a director whereby the director forwent the top, and therefore most heavily taxed, slice of his earnings and in return the company invested a premium, equivalent to the gross amount of the salary slice, at little net cost to the director and, usually, at no cost to the company. This type of scheme was subject to approval under section 222 of the Income and Corporation Taxes Act 1970 and direct contributions by the employee enjoyed at best only life assurance relief. Hence such schemes were mainly non-contributory.

However, under the new code, contributions can be made directly to a scheme, which provides cash benefits at retirement subject to full tax relief. As a result, benefits are based on full earnings, up to Inland Revenue limits; directors' fees can count normally, as pensionable earnings; and the fund in which the money is invested can accumulate free of tax. At the same time, the rules governing controlling directors—those who control or own more than 5 per cent of the voting rights of a company's shares in a company where directors control more than 50 per cent of the equity—were relaxed.

Except in the case of a director where more than 20 per cent of the voting rights of a company's shares are controlled by himself or his dependants, directors are now on the

same footing as any other employees as far as pension, lump sum and death benefits are concerned. In the former case, final earnings are related to the average remuneration of at least three years given that the director is likely to be the master of his own final salary. So, the director, or for that matter the aspiring young executive, now has a margin of choice between joining a company pension scheme or taking out a personal pension scheme.

Difference

From the point of view of tax considerations, there is little to choose between a personal pension plan for the self-employed and a top hat contract, while the main difference is that while the limitation on a personal pension policy is related to the size of the contribution, the control of top hat contracts is exercised on the size of the resulting benefit.

The main objection to a directly linked pension is the variability of income which may result, which is the opposite of what saving for retirement is supposed to achieve. However, timing can be adjusted to suit market conditions and a low cash sum can be compensated for by high annuity rates. On the question of guarantees, unit-linked plans are, inherently, on less firm ground than traditional policies, and in the short term, say up to five years, a non-profit policy with a guaranteed pension is likely to prove more stable.

Terry Wilkinson

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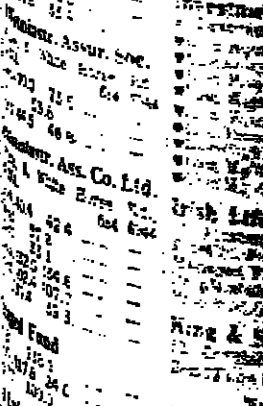
**"HIGHS" AND
"Lows" FOR 1975**

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"Recent Issues" and "Rights" Page 17

MAN OF THE WEEK



He wants more freedom

BY RAY DAFTER

THE FORMATION of a new, enlarged group of nationalised industry heads has again pushed Mr. Richard Marsh to the fore. He is chairman of the group, as he is also committee chairman for the heads of the "Big Seven" industries.

The newly-established group has four-able industrial muscle—at least theoretically—with a total of 2m. Not that Mr. Marsh sees it as a pressure group, but it would be more deliberative, he said, striving for a greater and more regular dialogue with Government.

Debatative it may be, but Mr. Marsh has demonstrated—both as a Cabinet member and, for the past four years as chairman of British Rail—that he prefers positive action to prevarication, the heat of political controversy to the shade of anonymity.

Characteristic

It was perhaps characteristic of the man that when he was sacked from Mr. Wilson's Cabinet in 1980, at the tender age of 42, he immediately staged a party. The impromptu get-together was held partly because he "had nothing to do," and partly because he felt his ousting signified his coming of age in politics.

So it was again with characteristic flourish that on Wednesday he told the Government to stop meddling in the day-to-day running of the railways.

He reckoned that British Rail could be restored to financial stability within two or three years if it were given freedom to manage its business within a clear and consistent policy framework.

It is a message he has repeated often, and it points to the only factor which is spoiling his obvious enjoyment of being British Rail chairman: sheer frustration at the lack of a clear Government policy for the railways and a transport system as a whole.

But then Mr. Marsh did not take on the job blindfolded. Indeed, he admits that as a politician and Cabinet member he was partly responsible for the frustrations of previous railway chairmen. Having changed sides, however, he now sees "with greater force" that politicians should keep out of the day-to-day management of nationalised concerns.

A challenge

Having tripped over the rise in the political ladder—at one stage he was being tipped as a future Prime Minister—the chairmanship of a major nationalised industry provided Mr. Marsh with the sort of challenge he relishes.

It was apposite that the industry should be the railways for he was brought up in the railway town of Swindon at a time when the locks were set by the railway works hooter. His father and grandfather were railwaymen, so he grew up with knowledge of the traditions of the industry.

Shortly after his appointment he told a union conference: "I have staked my future on the potential success of the railways."

The ebullient Mr. Marsh must, therefore, be concerned at the way British Rail has been slipping in economic terms. The gap between costs and earnings of the present system is well over £500m.; if this state of affairs persists, the gap could exceed £1bn. in five years time. Mr. Marsh, using his political expertise, made his impassioned, but deliberate, appeal to the Government this week.

Car men return next week after Dunlop settlement

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

NEARLY 19,000 motor industry workers will be recalled to work next week after the acceptance yesterday by 700 staff at Dunlop Engineering, Coventry, of a new pay deal.

This ended a month's strike which has caused 2,300 Dunlop workers to be made idle together with 16,500 at British Leyland car factories in the Midlands and Merseyside, who will be progressively recalled from Monday as supplies of Dunlop suspension units and wheels resume.

Of the 700 strikers at Dunlop 500 are women, who have won an extra £7 a week backdated to March 1. This will raise their range of earnings to £21.49-£42.08. In June they will get another £1 and in November a new grading structure will be put forward that will be in step with equal pay provisions.

Britain interested in EEC loan plan to ease energy payments

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, May 16.

BRITAIN, TOGETHER with Italy and Denmark, has expressed interest in a European Community loan to help offset the impact of the energy crisis on the balance of payments, officials here said today.

The loan would be raised under an EEC recycling scheme, agreed at the end of last year, under which the Community would borrow money from oil-producing countries and re-lend to member States with balance of payments difficulties.

The officials said that British interest in the scheme did not

The men have accepted increases ranging from £7.35 to £5.51 and will now get paid £50-£51.50.

Chrysler

Meanwhile the Chrysler strike has resulted in another 7,000 workers in Coventry and at Linwood, Scotland, being laid off and from Monday there will be no car production at all. The 4,000 on strike at the Stoke Coventry engine factory are insisting on an £8 immediate offer to be followed by negotiations towards £15 from July 1.

Also in Coventry 4,500 tractor workers at Massey-Ferguson begin the third week of a strike for a substantial increase in pay. The strikers have been picketing the plant with the result that staff workers have had to work

from various hotels in the area and from their homes.

Under pressure from the unions, Ford Motor Company yesterday reversed its decision to withhold all lay-off pay from some 6,500 workers this month, the majority of whom have been made idle by the three-week old strike of 30 door-hangers and fender-benders at Dagenham.

If they were working, the men would be on a three-day week and Ford will now continue to pay them for the two days a week they would be laid off in any case. The decision not to pay for these two days was taken earlier this week.

The doorhangers' manning dispute has made 5,000 other Dagenham workers idle and so far cost Ford production of some 7,500 cars, worth about £15m. in retail terms.

Sterling quietly steady

BY MICHAEL BLANDEN

THE POUND held steady in exchange markets yesterday as conditions continued relatively calm after the burst of pressure on sterling in the week.

The pound's depreciation of the pound from December, 1971, levels ended at 24.9 per cent, a little weaker than the previous year's 24.8 per cent. It was reported, however, that in quiet markets the Bank of England had no need to intervene in support of the pound.

There was a slight flurry of activity after the announcement of the U.K. retail price rises, but conditions calmed down again. And the news of an unchanged 10 per cent Bank of England minimum lending rate made no impact, in spite of the feeling earlier this week that it might be allowed to rise to help the pound.

The slight drop in sterling reflected mainly a renewed rise in leading Continental currencies. Against the dollar, sterling was 10 points higher at \$2.3025.

The signs were that the market had accepted that the U.K. authorities are content for the moment to see the pound at around a 25 per cent depreciation from its 1971 levels. It was made clear on Tuesday, when the rate reached 25.2 per cent, that the Bank wanted to arrest the decline in sterling when it intervened on a relatively substantial scale.

Since then, attention has been diverted from sterling by the temporary effect on the dollar of the Cambodian situation, while Wednesday's trade figures, markedly better than had been expected, have helped to steady the situation.

It appears that the Bank is content that M.R. should have stayed at 10 per cent, the level to which it rose a fortnight ago, helping to keep down domestic interest rates.

This has been supported by further signs of a downturn in rates in other countries. Following Thursday's news of a cut in the U.S. Federal Reserve's dis-

count rate to 10 Federal Reserve banks from 6.25 to 6 per cent, the Swiss authorities yesterday announced a cut in their bank rate.

The rate is reduced from next Tuesday from 5 to 4 1/2 per cent, following a reduction from 5 1/2 per cent, as recently as March 5. The cut is intended to strengthen the interest gap between Switzerland and other countries, and is accompanied by a reduction in the Lombard rate—which was not cut in March—from 6 to 5 1/2 per cent.

Guaranty of America and Morgan Guaranty yesterday cut their prime rates from 7 1/2 to 7 per cent. They join Citibank which has had its prime rate at this level for the past seven weeks, in contrast to all other major U.S. banks which have kept it at 7 1/2 per cent. The moves reflect the decline in short-term interest rates and follows yesterday's cut in the Federal Reserve's discount rate from 6 1/2 to 6 per cent.

Gulf Oil 'made to pay S. Koreans \$4m.'

BY ADRIAN DICKS

THE CHAIRMAN of Gulf Oil, Mr. Bob Dorsey, revealed today that his company was forced in 1966 and 1970 to pay a total of \$4m. to the ruling Democratic Republic of South Korea.

It had done so, Mr. Dorsey told Senator Frank Church's subcommittee on multi-national corporations, after intense pressure from the Korean party offi-

cials "which left little to the imagination as to what would occur if the company should choose to turn its back on the request." He assessed Gulf assets in South Korea at \$350m. at the time of the settlement.

The Gulf chairman's detailed description of the South Korean episode has given a new degree of clarity to the growing public furor here over bribes of

foreign officials by U.S. companies. Yesterday the chairman of Exxon, Mr. J. K. Jamieson, admitted that his company had made what he called entirely legal contributions to political parties in Italy and Canada.

Other large corporations known to be under investigation include Minnesota Mining and Manufacturing, Northrop, Phillips Petroleum, and United Brands.

Mr. Dorsey's revelations also cast a new light on debate over the future of the U.S. commitment to South Korea. Senator Church and several of his colleagues showed anger at the fact that the governing party in Seoul should have dared in effect to blackmail Gulf during a period when the U.S. was contributing heavy economic aid.

Responding indirectly to this point today, Dr. Kissinger, the Secretary of State, insisted on drawing a distinction between South Korean domestic affairs and the U.S. commitment to defend the country, which he emphasised, remained important to America's own interests and to the security of Japan.

Yesterday, the State Department issued a guarded statement condemning bribes by U.S. companies in countries where they did business, but suggesting that it was up to foreign Governments themselves to lay down the rules.

Accepting full personal responsibility for authorising the two payments to the Democratic Republic of South Korea, Mr. Dorsey said he would, from hindsight, have acted otherwise. But he repeated that he and other Gulf officials were subjected to strong and abusive pressure by Mr. S. K. Kim, the party's chief fund-raiser.

The Gulf chairman said he did not know for certain whether President Park of South Korea knew of the payments, but "felt sure" he could not have been unaware of them. He also said he assumed that other

Scanlon for NVT Board—Benn

BY PETER CARTWRIGHT

MR. ANTHONY Wedgwood Benn, Industries Secretary yesterday nominated Mr. Hugh Scanlon, Engineering Union leader, to the Board of Norton Villiers Triumph, the motorcycle manufacturing company.

When the company was created in July 1973, by means of a merger between the BSA and Mangrove Bronze motorcycle interests, the Conservative Government provided financial aid under the 1972 Industry Act. The Government insisted on the



Mr. Hugh Scanlon: first Government nominee.

right to appoint its own nominee to the Board of the company, but this right has not, until now, been exercised.

During 1973 and 1974 the financial position of NVT was seriously affected by the sit-in at Meriden, one of the three factories in the group and the one originally scheduled for closure. When the Meriden co-operative was formed with Government support, the company warned that, forced to operate with three factories instead of two, it would need Government assistance on a much larger scale.

Public control

This has led to suggestions that ultimately the Government might need to bring the whole motorcycle industry into public ownership, but there has been no move in this direction yet and it is not clear how nationalisation would affect the position of the Meriden co-operative.

Mr. Scanlon is in Blackpool attending the Engineering Unions policy-making conference of the national committee and was unavailable last night.

Mr. Dennis Poore, NVT chairman, said that while the approval of the Board—which meets on Thursday—could not reasonably be withheld, it could not be assumed in advance that it would automatically endorse Mr. Scanlon's nomination.

Engineers post vote up to Scanlon, Page 15

THE LEX COLUMN

Savers follow the rules

Index rose 6.3 to 341.8

both of which made a relatively slow start to the market upswing, have moved sharply ahead since the Budget along with other overseas earners like the insurance brokers. By contrast, one or two of the early market leaders seem to be starting to run out of momentum. The merchant bank group has trailed noticeably since March.

TOP PERFORMING SHARES IN FOUR WEEKS TO MAY 15

	% change
Allied Irish Banks	36
Gill & Duffus	34
Tanganyika Cons.	34
BSR	31
Slough Estates	31
English Prop.	28
Blackwood Lodge	28
Aesd. Biscuit	28
Ultrasun	28
Levinco	27
Michael Cotts	27
ENI	26
RTZ	26
Stenhous	25
Dalgely	24
Alexander-Howden	24
Levinco	24
Lead Industries	23
Wood Hall Trust	23
Imp. Cont. Gas	23
FT Industrial Index	-1

Source dataSTREAM.

Irish excitement

Will the Irish pound become a hard currency? Over the past week Allied Irish Banks, Waterford Glass, Jefferson Smurfit and the Bank of Ireland—four of the half-dozen or so Irish shares to attract institutional investment—have outperformed the market by a handsome margin. Obviously the limited size of the sector is one factor behind its recent buoyancy; but another—the idea that the Eire currency is about to break away from a bedraggled sterling and that Irish shares are about to gain from the injection of the dollar premium—needs an Irish accent to make it sound convincing.

Political statements on the subject have been understandably negative. The country's inflation rate is roughly in line with that of the U.K., fuelled substantially by internal wage demands; while Eire's trade links with the U.K. remain enormous. About half of Irish exports come into the U.K. while Britain's share of the country's imports is nearer 60 per cent.

Of course, Ireland's inflation rate is not helped by the economic ties with the U.K.; and if our EEC referendum returns a resounding no next month, the Dail may have to re-think its present low-key policies—despite what a free currency float would do to isolate Ulster further. Longer-term, the arguments for the Irish economy hinge on a predominantly agricultural base within the EEC.

Meantime, a rise of 90 per cent by the Dublin stock market this year has allowed £16m. of convertible stocks to be issued, a move that was started a year ago by a £10m. funding from Bank of Ireland.

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We believe the merits of Wall Street, relative to European stockmarkets, to be outstanding. This belief is based on the following views:

1. The Federal administration is seeking to reduce the economy out of recession.
2. The rate of inflation in the U.S.A. is anticipated to continue falling significantly.
3. The dollar appears undervalued and the U.S. balance of payments is fundamentally sound.
4. U.S. interest rates have fallen sharply.
5. The U.S.A. is 100% self-sufficient as to food and 80% as to oil.
6. Both political parties, and the Labour unions, are totally committed to a capitalist economy.

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* You gain the benefit of Schlesingers' proven international investment management together with the important tax and other advantages available to a unit trust vehicle.

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Please write to us for a copy of the latest American "PIMS" report which explains in greater detail our views on Wall Street. If you would like to discuss your personal requirements in detail, please contact Douglas Aitken, Director, on 01-409 3100.

The Portfolio As at May 15th 1975, the portfolio was invested at 88% in the stocks below, 12% awaiting investment.

Atco	IBM
American Home Products	Johnson & Johnson
Amstar	Leaveness Fund of Boston
Avco	May Dept. Stores
Baxter Labs	Minerals Mining
Bell & Howell	North West Airlines
Bristol Myers	Old
Brown-Boveri	Pacific Gas & Electric
Caterpillar	Pharmacia
Chemtronics	Phillips Petroleum
Columbia	Procter & Gamble
Coca Cola	Safeway
Dow Chemical	Standard Drug-Vet
Eastman Kodak	Standard Brands
EL Lilly	Standard Oil (Indiana)
Emory	Standard Oil (Ohio)
Electronic Systems	Texas Utilities
General Electric	Union Carbide
General Motors	United Aircraft
Glaxo	Union Oil
Halliburton	Union Pacific
Hercules	Westinghouse
Kellogg	Xerox

The Fund was launched in August 1974 and shows an offer price appreciation since then of 21.2% compared with a rise of 9.9% in the Dow Jones Index. Since January 1st 1975 the unit price has risen 35%.

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